

NEW YORK CUSTOM-HOUSE.

JUNE 15, 1864.—Laid on the table, and ordered to be printed.

Mr. HULBURD, from the Committee on Public Expenditures, made the following

REPORT.

On the 11th day of January, 1864, the House adopted the following resolution :

“Resolved, That the charges recently made of official misconduct in the New York custom-house, in regard to the alleged shipment of contraband goods and supplies, and all matters of alleged misconduct in the management of the affairs of the custom-house at New York, be referred to the Committee on Public Expenditures.”

On the 21st of January, 1864, the committee commenced taking testimony on the matters thus specially referred. Without having, satisfactorily to themselves, concluded their labors, they instruct their chairman to submit, at this time, the following report :

The duties of the New York custom-house are classified and distributed into ten divisions. At the head of the first division is the auditor; at the head of the bureau of the second division is the cashier; each of the remaining eight divisions is presided over by a deputy collector. Supervising all these departments is the assistant collector and the collector.

Under the present organization and assignment of duties in the custom-house, the ninth division, among other duties, is charged with “the taking of all bonds required by law, or treasury regulations, on shipments to domestic or foreign neutral ports, to guard against the same being used to give aid or comfort to the insurgents.” The receipt, examination, custody and cancellation of bonds taken in the ninth division prior to October 28, 1863, since that period have been assigned to, and made part of, the duties of the deputy collector in charge of the tenth division.

The collector’s first authorization to require such bonds was a treasury regulation founded on the act of July 13, 1861. The provisions of the supplementary act of May 20, 1862, were more definite and explicit, the second section declaring: “That whenever a permit or clearance is granted for either a foreign or domestic port, it shall be lawful for the collector of the customs granting the same, if he shall deem it necessary, under the circumstances of the case, to require a bond to be executed by the master or the owner of the vessel, in a penalty equal to the value of the cargo, and with sureties to the satisfaction of such collector, that the said cargo shall be delivered at the destination for which it is cleared or permitted, and that no part thereof shall be used in affording aid or comfort to any person or parties in insurrection against the authority of the United States.”

On the 23d of May, 1862, the Secretary of the Treasury issued instructions to carry out the provisions of this act, of which the following is an extract: “In all cases where, in your judgment, there is ground of apprehension that

any goods, wares, or merchandise shipped at your port will be used in any way for the aid of the insurgents or the insurrection, you will require substantial security to be given that such goods, wares, or merchandise shall not be transferred to any place under insurrectionary control, and shall not in any way be used to give aid or comfort to such insurgents."

In virtue of these acts and instructions, the first bond was taken in September, 1861. Seven thousand nine hundred and thirty-two had been executed up to May, 1864.

In the allotment of duties, the fourth division passed upon the character of the shipments and parts of shipments of merchandise which must be covered by these bonds, or "substantial security," before clearances could be granted. The ninth division was charged with the technical taking and safe-keeping of the required bonds." At the New York custom-house these bonds were deemed the "substantial security" indicated in the treasury instructions.

When it is considered that immediately on the enforcement of the blockade of the southern coast and harbors, trade from northern ports to West India ports began to increase largely, a sufficient necessity is apparent for "substantial security" that the rebels should not be aided by such trade. When it is further considered that on the execution of such bonds nearly all kinds of merchandise, not excepting powder, could be and were permitted or cleared at the port of New York; that these bonds were the only security government had or required that the insurgents, through the agency of some of the swarming blockade runners, should not be profited thereby, a sufficient reason is apparent for exercising the most vigilant consideration of the character and responsibility of the obligors, and the careful scrutiny and safe-keeping of the bonds until all apprehension of insurrectionary benefit from such shipments had entirely ceased.

But it seems neither patriotic considerations nor revenue precautions have entirely effected the object of preventing or suppressing this illicit and unlawful trade. Goods cleared in virtue of these bonds have been found on board of captured blockade runners, and it is quite apparent that large quantities of goods thus bonded and permitted at New York have turned up in the hands of rebel agents and emissaries in the West India ports. Should it be asked why, in such cases, prosecution of the bonds has not been instituted, it must be answered, first, the intrinsic difficulties in the way of making legal proofs; and, secondly, the apprehension that very many of the bonds, so far from affording the "substantial security" contemplated, would, in law, prove to be very unsubstantial securities.

The duty of preparing the form of the bond to be used, and of passing upon the correctness and sufficiency of the offered bonds, was, from the first, substantially devolved upon H. B. Stanton, deputy collector, at the head of the ninth division.

The bonds were executed before, and had to be approved by, him as deputy collector, and, after being recorded in his bureau, were supposed to remain in his custody until properly cancelled or surrendered. For some cause, not explained, in the preparation of the form of the bond to be used, the plain requirements of the act of May, 1862, were disregarded; shippers, in their respective cases, became the principal obligors in the bonds, instead of the owner or master of vessel, as the act prescribed.

Again: names were written in the body of the instrument varying from those subscribed to it; one obligor signing when two names are recited as makers; clerks signing bonds for employers without power of attorney; several bonds with no sureties; very many with no justification certified; deficiencies of stamps and of seals; and in one instance there is no signature whatever, although properly attested by D. Cady Stanton as subscribing witness, and by the signature and notarial seal of H. B. Stanton; large discrepancies between the footing of invoices or manifests and the penal sum in the body of the bond,

indicate no common carelessness, if not culpable complicity. Pressure of business, hurried observance of the formalities of attaching seals and attesting signatures, without scrutinizing examination, perhaps might excuse an occasional imperfect instrument, but the number of such bonds is far too large to be passed by such a palliating plea.—(*Vide Exhibit E.*)

It is noticeable that these oversights, deficiencies, discrepancies, imperfections, of whatever name or nature, are most numerous in bonds covering merchandise clearing for ports in the West Indies.

The most glaring of the irregular bonds, as yet coming to the knowledge of the committee, is one covering goods said to have been bought on the order of Major Walker, the agent of the rebel confederates, now or recently stationed in St. George's, Bermuda. This bond (in custom-house books, No. 4712) was signed by A. Hoffnung as principal, and William A. Smalley as surety. It was made and taken for \$28,796, instead of \$83,757, which the invoice or ship's manifest called for.

Other bonds covering goods shipped to Nassau and Bermuda exhibit, in less sums, the same discrepancies; for example, bond No. 6028, Lewis Benjamin principal, Malcom Campbell surety, was for \$8,346, should have been for \$9,176; bond No. 3612, W. H. Russell principal, Smalley surety, was taken for \$6,101, instead of \$26,386; bonds Nos. 5129, 5105, Hoffnung principal, Benjamin surety, covered in figures but \$8,496, instead of \$44,772; bond No. 4773, principal and surety, Hoffnung and Smalley, was for \$6,976, instead of \$25,505; bond No. 4932, principal and surety Hoffnung and Smalley, was for \$1,696, instead of \$13,564; bond No. 4205, S. Seixas principal, Benjamin surety, was taken for \$6,437, instead of \$34,631; bond No. 3550, G. G. Wolf principal, Benjamin surety, was for \$23,140, instead of \$70,452, as it should have been.—(*Vide Exhibit E.*) When it is recollected that the act of 1862 declared, in so many words, that such bonds should be executed "in a penalty equal to the value of the cargo," it would seem there was small margin for arithmetical mistakes. Certainly the foregoing array of discrepancies is far too large to be explicable on such hypothesis. And how shall be accounted for the witnessing, acknowledging, examining, and receiving so many palpably defective and deceptive bonds?

Again: this William A. Smalley, who figures so frequently as obligor and surety on bonds covering these Nassau and Bermuda shipments, up to the 15th of December last was a debenture clerk under the surveyor of the port. When he signed as surety the bond (No. 4712) covering and protecting in and out of the harbor of New York the rebel government's shipment, (Major Walker's order,) he held that position, and also the office of notary public, approving and attaching his notarial seal to this class of bonds, executed and justified before him, in the absence of H. B. Stanton.

It appears that Mr. Stanton, while acting as deputy collector, held the office of notary public, and in verifying papers and administering oaths to principals and sureties of bonds, &c., charged and received fees therefor. It further appears that while deputy collector he not unfrequently acted, when invited, or he volunteered, as legal counsel for persons and firms doing custom-house business at his bureau, in preparing papers and affidavits to be approved and used by and before him as the basis of his official judgment and action, charging and receiving for such service a compensation varying from fifty cents to twenty dollars. In his volunteered testimony before the committee, in that respect, he did not at all qualify the statement contained in his published letter, viz: that all such fees or emoluments would not exceed three thousand dollars during his term of office, except that he admitted the anonymous receipt at his house, and in part at his official desk, of several additional hundred dollars.

While there may be no express statute forbidding such professional practice, such exercise of notarial powers, such clandestine money receipts, the committee

are very decidedly of opinion that, for the most obvious reasons, no such privileges can be allowed during business or official hours, without detriment to public interests; no such anonymous or open gratuities, during any hours, should be allowed or accepted by any salaried official of government, nor ever has been, nor ever can be, without the gravest suspicions.

The true intent and meaning of Treasury Regulation, February 1, 1857, if enforced, would seem to be sufficient, or ought to be, to prevent such practices. It is in these words: "Any clerk or other officer of the customs who shall accept any gratuity whatever for any services he may perform for any purpose which are not devolved on him by law or regulations, will become subjected to removal, and must be reported to the department forthwith for its direction."

The committee have reason to believe that of late, in conformity with law, the master or owner of the vessel carrying goods to ports in proximity to rebeldom have been required to go on the bond as obligor.

There has also been a change in the character of the evidence on which cancellation can be effected. At first, cancellation of these bonds seems to have been easily and variously obtained—the shipper's oath, the master's oath, the production of a vague and general consular certificate of landing, and belief of intended consumption of goods at the port of destination.—(*Vide Exhibits C and D.*) The act of cancellation also seems to have been lightly treated, a mere clerical function perfected by indorsement, to that effect, by the deputy collector or by his son, D. Cady Stanton, as bond clerk.

The finding of some of these bonded goods in captured blockade runners indicated the insufficiency of such checks, or consular collusion with unprincipled shippers and blockade runners; in either case the result was the same—evasion of law and aid or comfort to the rebel enemy.

No doubt the utmost vigilance will fail, in some cases, so long as any goods are "permitted" on bonds, from the obligations of which the obligors can relieve themselves by obtaining certificates, whose makers can be approached with all the immunities and influences that gain and distance and foreign citizenship impart. This liability to fraud and collusion does not arise from any neglect at the New York custom-house in administering the law, but is organic in traffic carried on under similar circumstances, however regulated. All trade with neutral ports, situated in such close proximity to belligerent coasts, is necessarily exposed to great abuses—abuses to be avoided only by total non-intercourse. Congress has not seen fit to impose this prohibition upon its citizens, and, until it does, cannot by any law, or prescribed comity of nations, expect its abandonment by the citizens of other nationalities. Indeed it could not well be required, for, with a single exception, prior to the rebellion, with all these ports, there existed a very considerable legitimate trade, which ought, to be sure, to be properly conducted, but could not be well ignored or inhibited by our government.

It is believed the requirement of the bonds and the prudent practice of holding them uncanceled "until such lapse of time as would render improbable that evidence of shipment to the insurgents of the bonded goods could be obtained" operates, not as an estoppel, but as a check and great repression of all participation in a shameless traffic by our citizens.

The most disreputable circumstance attending the whole of the bond business remains yet to be stated. In the latter part of the summer of 1863 it was rumored among parties engaged in the West India island trade that the bonds given in connexion therewith could be "bought up" at the New York custom-house. When these reports reached the collector, Mr. Barney, though discrediting them, referred the matter for investigation to Deputy Collector Albert Hauscom, who, in concert with the naval officer, Mr. George Denison, after weeks of painstaking, succeeded in obtaining indubitable evidences of the atrocious malfeasance. On being apprised of the facts, a thorough investiga-

tion was at once instituted by the Treasury Department, resulting in establishing the abstraction and surrender, for pay, of bonds in the custody of the ninth division. Thereupon Deputy Collector H. B. Stanton, the head of that division, was removed from it, (October 28, 1863;) his son, D. Cady Stanton, "bond clerk," also from that time ceased to be connected with the custom-house. Privately, and to an extent publicly, this young man declared the abstraction and sale of bonds was his own act, performed without the privity of his father. This averment he reiterated to the committee, substantially testifying that the bonds were prepared by himself, generally, in an outer and adjacent room to his father's; that the parties then executed them before his father; that, after such execution, invariably they were locked up by his father until the next morning; that, after being carefully examined by him, they were taken into his (witness's) said adjoining room for record, where they were supposed to remain until cancelled and surrendered; that in this room he had at all times free access to them. He was quite positive that he never abstracted more than seven, or, at most, eight bonds—never any bond on the same day, or next day after its execution—never abstracted or gave up at any time a bond as large as sixty-four thousand dollars. Repeated and careful examinations of the bond bureau, however, reveal the abstraction, or at least absence, of several more bonds than young Stanton admits a knowledge of—bonds not found in the record books of the adjacent room, but clearly proved *to have been*, by registered memoranda of dates, shippers' names, destination of vessels, manifests, &c. Additional to all this, the manifests of some sixty vessels known to have made trips in this trade are not to be found in the custom-house. Who abstracted these bonds? Was it for the purpose of abstraction they were never recorded? Were these manifests put away to remove all vestiges of the existence of other bonds, or the character of the shipments? No traces of missing bonds, as yet, have been discovered of later date than September 19, 1863.

In one instance the proof is circumstantial and positive that the terms of the abstraction and surrender of a large bond of \$64,000 were actually negotiated before it was executed, and that within one hour after its execution the bond was given up and in the hands of the parties who made it.

For various reasons this case seems to require somewhat of detail. The bond was for a large amount, and whether at the time known or not, does not clearly appear; it convoyed out of port "two thousand barrels of pork and five hundred barrels of beef," to a party in Bermuda who was openly doing, at the time—July, 1863—a commission business "with," if not "for," the rebel States.

The surety on that bond testified before the committee that, through the intervention of a custom-house broker of the name of Henry C. Smith, "within ten minutes before the bond was executed, the arrangement was consummated that I was to pay \$600 for the surrender of the bond; that I was not to be sworn as surety," &c. It appeared that the proposed surety declined justifying or swearing that he was worth \$64,000, and that the first price asked for the surrender of the bond was \$650; that the broker Smith went into "Mr. Stanton's room and came back two or three times" before the price of \$600 was fixed upon; and that surety then insisted, "Now, if Mr. Stanton is going to sell this bond, what odds does it make whether I swear I am worth \$64,000 or 64 cents? If he has a mind to take me and not swear me I will go on the bond; it makes no odds to him if he sells this bond." Smith says, "I will go in and see him." He went in to see him; was gone some little time; came back and said, "That will be all right; he will not ask you any questions at all." I said, "Are you sure of that?" He said, "That is understood." The cautious witness wanted it yet more distinctly understood that he was "not to swear to any amount at all." Again the broker went in and came back with the assurance, "It is all right; you will not be asked any questions at all." Thereupon he, the surety, and the principal or proposed obligor, passed from the rotundo of the Exchange, where

these preliminaries had been arranged, through the outer or adjacent room, where "were three or four clerks," into the private room of H. B. Stanton, where there was no one but himself, and then and there the bond was executed before H. B. Stanton, and, according to understanding, no question was asked, and no oath administered; "that within an hour from that time," he had the bond in his possession. On being asked if Stanton's son filled up the body of the bond, he stated that he did not know the deputy collector had a son about the custom-house; never heard of it until several months after; that the clerk who did fill in the body of the \$64,000 bond is, or was a few days ago, clerk there still.

This witness also testified that in all these preliminary conversations and negotiations, only "Mr. Stanton's name" was used by the broker or himself; that in several subsequent similar arrangements no other name was used; that he never had any reason to believe or suspect he was not negotiating, through the broker, with, and paying money to, "Deputy Collector Stanton." As confirmatory of the correctness of this belief, this witness stated, on another occasion, when Smith, the broker, staid some time in the bond room negotiating for the surrender of a small bond—being in a hurry, as it was just before 'change—he, witness, went into the outer or front room. Smith was not there. He then went to the glass door opening into Mr. Stanton's private room; looking through it he there saw Smith leaning on the desk talking to Mr. Stanton. Witness "never for a moment supposed that there was anything else he was talking of to Mr. Stanton but that matter." The broker "went back and forth two or three times." Mr. Stanton would not yield at all. Smith said that Stanton said "it was just as much risk to take a small bond as a large one." On another occasion, when this witness "was negotiating for the surrender of a bond," \$25 split them, and finally it was settled by his (witness) agreeing to pay \$100 before 3 o'clock that day, Stanton saying, as Smith reported, that "he wanted to use that amount that day." The money was paid and bond had.

The appearance and intelligence of this witness, repeatedly recalled and carefully questioned, carried conviction to the minds of the committee that his statements were honestly made, intended to be truthful, and were reliable.

It is but proper and just to state that the broker Smith testifies he only negotiated with D. Cady Stanton; that he never approached H. B. Stanton about the sale and surrender of bonds; that to and with the surety already spoken of, he "only made believe doing so;" he "pretended to see the elder Mr. Stanton about it," &c.

The appearance of this witness, during his first examination, produced an unfavorable impression upon the committee. The impression was strengthened, rather than removed, by recalling him a second and third time. It is, perhaps, worthy of note that there is no evidence that the admitted seven or eight abstracted bonds were ever recorded in the outer or adjacent room.

It is admitted that H. B. Stanton controlled the bond business; it is admitted that from the first the bonds were not taken according to the law authorizing them. It appears that many of the bonds were of deceptive and insufficient amounts; it further appears many of the bonds were defective in important formalities. It is proven and admitted by the two Stantons and Smith that the bonds were invariably locked in H. B. Stanton's own desk the first night after they were executed. D. Cady Stanton swears he never abstracted over eight bonds; never any bond until some days after execution. It is proven that a large bond was delivered up inside of an hour after it was executed. It is admitted and proven that a custom-house broker *professed* to negotiate terms of sale and surrender of bonds with H. B. Stanton. It is proven that in one instance he entered H. B. Stanton's private room avowedly to make such negotiation; that immediately after coming out, a circumstance previously concerted with surety followed, in which H. B. Stanton was a direct participant.

It is difficult to believe that the broker Smith could have negotiated the surrender of the \$64,000 bond with young Stanton, in the presence of two or three other clerks, passing in and out several times to consult the party thereto, and that, with no previous knowledge or intimation to that effect, H. B. Stanton should *happen* neither to question nor properly swear the surety who was a party negotiator to such arrangement.

Various other minor corroborating circumstances appear in the testimony taken, to which, however, the committee will not specially advert, believing they have, in this presentation and summary of the bond business, nothing extenuated nor set down aught in malice.

It is theory, if not prescriptive practice, that the superior is responsible for his subordinate. To an extent this official accountability is proper and necessary. Circumstances determine the cases and the extent to which this accountability attaches. The collector, Mr. Barney, recommends, but does not directly appoint, his deputies. It is also true that his duties as collector of the great commercial port of New York, inevitably constant and multifarious, necessarily forbid a personal inspection, if not supervision, of all the bureaux. Yet it would seem, from his own evidence, he cannot be held wholly blameless in the faulty form of this bond. He testifies, with considerable particularity, that the form of the bond was submitted to him for approval. Certainly it is not creditable that a form so radically imperfect should have been in daily use for a series of months, in some thousands of instances, ere it was made conformable to the law authorizing it.

As the result of very considerable inquiry and investigation, the committee are constrained to believe that rebel emissaries in several of the West India islands are yet receiving northern shipments, which are duly forwarded or find their way into the insurrectionary States. It is significantly said "our trade with the British Indies and Cuba has increased one hundred per cent. since the breaking out of the rebellion." The probable character of this "trade" is not a matter of conjecture or of knowledge derived from inspection of custom-house records. In one instance "some eight or nine cannon, boxed and marked as 'hardware,'" were shipped per steamer *Indus* from New York to Nassau. In another instance "about one hundred and fifty bales of blankets, marked U. S. A.," were put on board a steamer in that trade "after she had cleared at the custom-house and was anchored in the stream. The blankets were not cleared at the custom-house."

Recently an extraordinary trade has sprung up with Matamoras, a neutral Mexican port, separated by an inconsiderable ferry from Brownsville, the distributing entrepot for a large section of Texan territory. In 1861 there was but one arrival at New York from Matamoras; in 1862 there were twenty arrivals; in 1863 there were seventy-one arrivals; in 1864, to the 18th of March, there had been thirty-two arrivals. Prior to 1861 a clearance from the port of New York to Matamoras was not asked for once a year. Will it be believed, since August of that year, "152 vessels, with an aggregate tonnage of nearly 35,000 tons, having on board large cargoes," have been cleared for that destination, and that all this is legitimate trade for home consumption in Mexico?

The committee have no means at hand of knowing the number of vessels and the amount of tonnage engaged in this trade from other ports of the United States, but, from outside statements, are well prepared to believe that from eighty to one hundred vessels have been seen at one and the same time in the mouth of the Rio Grande. The real destination and consumption of goods landed at that port is not uncertain surmise. The United States consul at Matamoras, under date of June 10, 1863, says: "As I remarked in a former letter, a great portion, say eighty per cent., of all goods imported here are sold directly or find their way to Texas. Immense stocks are also being imported from

France and England, and both banks of the Rio Grande are piled up with cotton, as well as the roads from the interior of Texas to the river."

The character of these goods is the same as in former years were the goods shipped to Galveston, Matagorda, and Point Isabel. The return cargoes of vessels, as formerly, consist now principally in cotton, hides, wool, &c., the well-known products of Texas. These indices indisputably determine the nature of this trade. (*Vide* Exhibit G.)

The revenue authorities at New York take the required bonds that goods cleared for Matamoros shall be landed there, and be consumed within Mexican territory. Consular certificates certify the landing, and the consignee swears, "to the best of his knowledge and belief," that said goods are intended for such consumption; and on the production of such papers, the shipper demands the cancellation of the bonds. Yet as late as January 25, 1864, the assistant collector at the port of New York, in a letter to the Treasury Department, said, "Very little reliance can be placed upon the usual consular certificates, so far as the ultimate disposition of the goods to which they refer is concerned."

This is not a peculiarity confined to the Matamoros trade. It was proven before the committee, by a witness who has since 1861 spent some fifteen months at Nassau, that, openly, "very large quantities of goods are landed at Nassau, such as boots, shoes, cloths and clothing, drugs and medicines, blankets, liquors, and provisions, from vessels arriving from New York, Boston, and Baltimore," and that portions of these same goods are seen shipped on board blockade runners for Wilmington and other rebel ports.

The committee are informed, and have reason to believe, that even the poor precaution these bonds and consular certificates afford the government has not been required by the collectors at Boston, Philadelphia, Baltimore, and other northern ports. Uniformity assuredly should be observed at the principal shipping ports in exacting or dispensing with these bonds. If the taking of them is to be continued anywhere, the sureties should by law be required to justify, and any wilful false statement in an affidavit or oath of justification should be declared perjury, and subject the affiant to the penalties thereof.

The committee directed some attention to allegations in circulation that merchants in the export and import trade of New York were subjected to grievous annoyances and damaging delays in their business by clerks and attachés of the custom-house, without the employment of gratuities or fees to despatch entries, clearances, &c. Whatever clue was publicly or anonymously indicated the committee endeavored patiently to gather up and follow in ferreting out such practices, and, while they found evidence of former practices of the kind, they are constrained to say, after the examination of several reputed sufferers or victims, and after summoning before them merchants of high standing and character, with whom *expedition* was supposed to be more of an object than a small stipend, or an occasional donation, they obtained no evidence of any recent exactions or bestowments of the kind, or of any alleged necessity to resort to any such questionable expedients to induce reasonable despatch of business at the New York custom-house.

The committee also made it a part of their business to investigate the truth of reports variously circulated, charging seizures of goods and stores made by the custom-house authorities for alleged frauds upon the revenue in passing false entries to have been instigated for purposes of extortion, black-mailing, &c. In the prosecution of this line of inquiry they did find seizures had been made, penalties had been exacted, seemingly severe and disproportionate, but clearly within the provisions of laws made to protect the revenue. The testimony in some of the cases examined gives an appearance of hardship and oppression to the action of the revenue officers. It must, however, be borne in mind, in the language of a witness, that "each case of successful seizure prevents a great many attempts to evade the revenue laws."

In the wide investigation with which the committee were specially charged, testimony has been taken on other points, without, as yet, a satisfactory conclusion having been reached.

Other matters falling within the sphere of the appropriate duties of the standing Committee on Public Expenditures have received considerable attention from the committee, and should have much more.

In conclusion, the committee desire to say that, in prosecuting their investigation in New York, they uniformly experienced the utmost courtesy and every needed co-operation from all the custom-house officials and employés with whom they were brought in contact. The committee early learned that a very minute and thorough investigation had been instituted by the Treasury Department, having in view a rigorous retrenchment and reform of abuses, and, if practicable, somewhat of a reduction of the paid staff of the revenue force. This treasury examination, though not completed, it is understood has already resulted in a large number of dismissals. The evidence taken and the reports prepared by those having this investigation in charge were freely tendered to the use of the committee. However, with all these aids and facilities, with the limited time at their disposal, the committee have not been able to thoroughly examine the somewhat complex working of the departments and divisions, and large forces intrusted with important interests connected therewith, to the extent as at one time they hoped, in conjunction with the Treasury Department, to be prepared at this session to recommend such legislation as would insure a more economical and more efficient general system for collecting and securing the public revenue at the port of New York.



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JOURNAL
OF THE
COMMITTEE ON PUBLIC EXPENDITURES.

CONGRESS OF THE UNITED STATES.

IN THE HOUSE OF REPRESENTATIVES,
January 11, 1864.

On motion of Mr. Fenton,

Resolved, That the charges recently made of official misconduct in the New York custom-house in regard to the alleged shipment of contraband goods and supplies, and all matters of alleged misconduct in the management of the affairs of the custom-house at New York, be referred to the Committee on Public Expenditures.

The following are the names of the members of the Committee on Public Expenditures: Calvin T. Hulburd, John M. Broomall, Francis C. Le Blond, A. W. Hubbard, Jesse Lazear, Jacob B. Blair, Edward H. Rollins, Andrew J. Rogers, Charles M. Harris.

WASHINGTON, *January 21, 1864.*

Under the resolution of the House of Representatives, of which the foregoing is a copy, the committee met in their committee-room at the Capitol at ten o'clock a. m.

Present: Mr. Hulburd, chairman, and Messrs. Broomall, Le Blond, Lazear, Blair, and Rollins.

On motion,

Ordered, That the chairman be requested to present the following resolution to the House:

Resolved, That the Committee on Public Expenditures be, and they are hereby, authorized to employ a stenographer while conducting the investigation ordered by this house, at the usual price paid for reporting for the Daily Globe; and that the committee have leave to sit during the sessions of the House.

The committee examined as a witness Hiram Barney, collector of the port of New York.

The committee adjourned until to-morrow morning at 10 o'clock.

WASHINGTON, *January 22, 1864.*

The committee met pursuant to adjournment.

Present: Mr. Hulburd, chairman, and Messrs. Broomall, Le Blond, Lazear, Blair, and Rollins.

On motion,

Ordered, That Theodore F. Andrews be appointed stenographer to the committee.

George W. Embree was examined as a witness.

The committee adjourned until Tuesday, January 26, 1864, at 10 o'clock a. m.

WASHINGTON, *January 26, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Messrs. Broomall, Le Blond, Lazear, Blair, Rollins, and Harris.

J. F. Bailey was examined as a witness.

The committee adjourned until to-morrow at half past ten o'clock.

WASHINGTON, *January 27, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Messrs. Le Blond, Hubbard, Lazear, Rollins, and Harris.

George Denison was examined as a witness.

The committee adjourned until to-morrow morning at ten o'clock.

WASHINGTON, *January 28, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Messrs. Broomall, Le Blond, Hubbard, Lazear, Blair, and Rollins.

George Denison and William C. H. Waddell were examined as witnesses.

The committee adjourned until to-morrow morning at half past eleven o'clock.

WASHINGTON, *January 29, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Messrs. Broomall, Le Blond, Hubbard, Lazear, and Rollins.

The committee adjourned until 10 o'clock, Tuesday morning, February 2.

WASHINGTON, *February 2, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Messrs. Broomall, Le Blond, Lazear, Rollins, and Blair.

Albert Hanscom was examined as a witness.

The committee adjourned until Friday next, February 5, at 10 o'clock a. m.

WASHINGTON, *February 5, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Messrs. Broomall, Le Blond, Hubbard, Lazear, Blair, and Rollins.

Mr. Le Blond offered the following resolution ; which was unanimously agreed to :

Resolved, That a sub-committee of three, consisting of the chairman and two members, be appointed by the committee, whose duty it shall be to go to New York whenever deemed expedient, and continue this examination on behalf of the entire committee, to whom they shall make their report on their return ; and that the chairman of the committee be instructed to ask leave of the House to hold sessions of the committee in New York.

The committee adjourned to meet upon the call of the chairman.

WASHINGTON, *February 19, 1864.*

The committee met on call of the chairman.

Present : Mr. Hulburd, chairman, and Messrs. Broomall, Le Blond, Hubbard, Lazear, Blair, and Rollins.

On motion,

Ordered, That the chairman designate the members of the committee who are to accompany him to New York, under the resolution of the committee of the 5th instant.

The chairman thereupon appointed Mr. Rollins and Mr. Le Blond.

The committee thereupon adjourned to meet at New York on the 29th day of February instant.

NEW YORK, *February 29*, 1864.

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Mr. Le Blond and Mr. Rollins.

Alexander Isaacs, De Witt C. Graham, Louis J. Kirk, and James C. Lowber were examined as witnesses.

The committee adjourned until to-morrow morning.

NEW YORK, *March 1*, 1864.

The committee met pursuant to adjournment, at 74 Wall street.

Present : Mr. Hulburd, chairman, and Messrs. Rollins and Le Blond.

James B. Archer examined as a witness, Alexander Isaacs and De Witt C. Graham recalled and examined, and A. Hamilton Pride examined as a witness.

The committee adjourned till to-morrow morning.

NEW YORK, *March 2*, 1864.

The committee met pursuant to adjournment, at 74 Wall street, at 10 o'clock a. m.

Present : Mr. Hulburd, chairman, and Messrs. Rollins and Le Blond.

Thomas J. Brown, Gustavus Centan, Lucas Thompson, Charles C. Centan, Morris Lober, and George D. Pitkin were sworn and examined as witnesses.

The committee then adjourned till to-morrow morning at 10 o'clock a. m.

NEW YORK, *March 3*, 1864.

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Messrs. Rollins and Le Blond.

The following witnesses were examined : J. C. Colbern, John G. Seeley, and Hiram Barney recalled.

The committee then adjourned until to-morrow morning at 10 o'clock a. m.

NEW YORK, *March 4*, 1864.

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Messrs. Rollins and Le Blond.

The following witnesses were examined : B. F. Mudgett, Alfred T. Conklin, Henry C. Smith, J. E. Bailey recalled, and Thomas D. Middleton.

The committee then adjourned till to-morrow morning at 10½ a. m.

NEW YORK, *March 5*, 1864.

The committee met pursuant to adjournment, at 10½ a. m., at 74 Wall street.

Present : Mr. Hulburd, chairman, and Mr. Le Blond.

Mr. Barney was recalled and examined.

The committee adjourned until Wednesday, the 16th of March.

NEW YORK, *March 16*, 1864.

The committee met pursuant to adjournment, at 10 o'clock a. m., at No. 74 Wall street.

Present : E. H. Rollins and Mr. Le Blond.

No witnesses were examined.

The committee adjourned till to-morrow morning at 10 o'clock a. m.

NEW YORK, *March 17, 1864.*

The committee met pursuant to adjournment, at 10 o'clock a. m., at No. 74 Wall street.

Present : Mr. Hulburt, chairman, and Mr. Le Blond and Mr. Rollins.

The following witnesses were examined : Francis T. Martell, William E. Darrell, and Samuel S. J. Frith.

The committee adjourned till to-morrow morning at 10 o'clock a. m.

NEW YORK, *March 18, 1864.*

The committee met pursuant to adjournment, at 10 o'clock a. m.

Present : Mr. Hulburt, chairman, and Mr. Rollins and Mr. Le Blond.

The following witnesses were examined : David B. Turner, William A. Smalley, Edward Gifford, and David Peterson.

The committee then adjourned to meet at Fort Lafayette the following morning at 10 o'clock.

FORT LAFAYETTE, *March 19, 1864.*

The committee met pursuant to adjournment, at Fort Lafayette.

Present : Mr. Hulburt, chairman, and Mr. Rollins and Mr. Le Blond.

The following witnesses were examined : Albert M. Palmer, Joseph Evens, and John C. Rehming.

The committee then adjourned to meet Monday morning, March 21, at 74 Wall street.

74 WALL STREET, *March 21, 1864.*

The committee met pursuant to adjournment, at 10 o'clock a. m.

Present : Mr. Hulburt, chairman, and Mr. Rollins and Mr. Le Blond.

The following witnesses were examined : Mr. Hanscom, recalled, Isaac P. Hussey, David Ogden, and Mr. Conklin, recalled.

The committee then adjourned till to-morrow morning at 10 o'clock.

74 WALL STREET, *March 22, 1864.*

The committee met pursuant to adjournment, at 10 o'clock a. m.

Present : Messrs. Hulburt, chairman, and Rollins and Le Blond.

Mr. H. B. Stanton was examined as a witness.

The committee then adjourned till to-morrow morning at 10 o'clock a. m.

74 WALL STREET, *March 23, 1864.*

The committee met pursuant to adjournment, at 10 o'clock a. m.

Present : Messrs. Hulburt, chairman, Rollins and Le Blond.

The following witnesses were examined : J. T. Jernegan and H. B. Stanton, recalled.

The committee adjourned till to-morrow morning at 10 o'clock.

74 WALL STREET, *March 24, 1864.*

The committee met pursuant to adjournment.

Present : Messrs. Rollins and Le Blond.

Mr. H. B. Stanton recalled and examined.

The committee adjourned to meet at 10 o'clock to-morrow morning.

74 WALL STREET, *March 25, 1864.*

The committee met pursuant to adjournment.

Present : Messrs. Rollins and Le Blond.

Michael Donohue, James Donohue, William Stewart, and James Smith were examined as witnesses.

The committee adjourned to meet at New York on the call of the chairman.

74 WALL STREET, *April 7, 1864.*

The committee met at 74 Wall street, at 10 o'clock a. m.

The chairman, Mr. Hulburd, present.

Charles P. Shaw was examined as a witness.

The committee then adjourned till April 8, at 10 o'clock a. m.

74 WALL STREET, *April 8, 1864.*

The committee met pursuant to adjournment, at 10 o'clock a. m.

The chairman, Mr. Hulburd, present.

Thomas D. Middleton and Alfred T. Conklin recalled and examined.

The committee then adjourned till to-morrow morning at 10 o'clock a. m.

74 WALL STREET, *April 9, 1864.*

The committee met pursuant to adjournment.

The chairman, Mr. Hulburd, present.

No witnesses were examined.

Adjourned till Monday morning at 10 o'clock a. m.

74 WALL STREET, *April 11, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Mr. Le Blond.

F. J. Phillips and James W. Ward sworn.

The committee then adjourned till to-morrow morning at 10 o'clock a. m.

74 WALL STREET, *April 12, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Mr. Le Blond.

The following witnesses were examined : Isaac P. Hussey, recalled ; Ezra P. Cuyler and Lewis Benjamin sworn.

The committee then adjourned till to-morrow morning at 10 o'clock a. m.

74 WALL STREET, *April 13, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Mr. Le Blond.

The following witnesses were examined : James Kent Boyd and Patrick W. Derham.

The committee then adjourned to meet to-morrow morning at 10 o'clock a. m.

74 WALL STREET *April 14, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Mr. Le Blond.

No witnesses were examined.

The committee then adjourned till to-morrow morning at 10 o'clock a. m.

74 WALL STREET, *April 15, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburd, chairman, and Mr. Le Blond.

No witnesses were examined.

The committee then adjourned till to-morrow morning at 10 o'clock a. m.

74 WALL STREET, *April 16, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburt, chairman, and Mr. Le Blond.

Ephraim Morris was examined as a witness.

The committee then adjourned till Monday morning, April 18, at 10 o'clock a. m.

74 WALL STREET, *April 18, 1864.*

The committee met pursuant to adjournment.

Present : Mr. Hulburt, chairman, and Mr. Le Blond.

D. Cady Stanton, Peter H. Morris, and Samuel Myers were examined as witnesses.

The committee then adjourned till to-morrow morning at 10 o'clock a. m.

APRIL 19, 1864.

The committee met pursuant to adjournment.

Present : Mr. Hulburt, chairman and Mr. Le Blond.

John J. Rickley and Wm. B. Brooks were examined as witnesses.

The committee then adjourned till to-morrow morning at 10 o'clock a. m.

APRIL 20, 1864.

The committee met pursuant to adjournment.

Present : Mr. Hulburt, chairman, and Mr. Le Blond.

Jonathan Sturges, A. T. Stewart, Henry Dater, and Christian Dietrich examined as witnesses.

The committee then adjourned till to-morrow morning at 10 o'clock.

74 WALL STREET, *April 21.*

The committee met pursuant to adjournment.

The chairman, Mr. Hulburt, and Mr. Le Blond, present.

Christian Dietrich, recalled, and Sigismund Kaufman, examined as a witness, and Samuel Hirsch.

The committee then adjourned till to-morrow at 10 o'clock a. m.

74 WALL STREET, *April 22.*

The committee met pursuant to adjournment.

Mr. Le Blond, present.

James Hynes examined as a witness.

The committee then adjourned till to-morrow at 10 o'clock a. m.

74 WALL STREET, *April 23.*

The committee met pursuant to adjournment.

Mr. Le Blond, present.

Epes Sargent was examined as a witness.

The committee then adjourned, subject to the call of the chairman.

TESTIMONY.

Testimony of Hiram Barney.

WASHINGTON, Thursday, January 21, 1864.

Hiram Barney, a witness, was duly sworn and examined as follows :

Questions by the chairman :

Question. Are you the collector of the port of New York ?

Answer. I am.

Question. When did you enter upon the duties of that office ?

Answer. On the 8th of April, 1861.

Question. You have several deputies ?

Answer. I have one assistant collector and eight deputies, an auditor, and a cashier. I mention these because they are all, with the exception of the assistant collector, heads of divisions.

Question. Have there been any changes in these deputies since you entered upon the duties of your office ?

Answer. Yes, sir.

Question. Do you recollect who occupied those offices when you came in, and who are there now ?

Answer. There were seven deputy collectors when I went there. Their names were Charles P. Clinch, Michael Hoffman, Henry A. Cargill, Legrand G. Capers, Samuel S. Bowne, Charles D. Meade, and Joseph White.

Question. Has there since been an increase of one ?

Answer. Yes, sir; and one deputy collector, Mr. Clinch, has been made an assistant collector.

Question. I mean to ask whether there has been any changes in the persons holding the offices.

Answer. Yes, sir. Every deputy collector now there has been appointed by me. Those now in office are B. F. Mudgett, Hamilton Bruce, George W. Embree, Jeremiah H. Stedwell, Henry Calhoun, A. B. Ohmstead, Albert Hanscom, and C. A. Runkle. The printed paper which I now hand you, marked A, is a statement of the organization and assignment of duties in the collector's office at the custom-house, New York, with regulations in regard to the transaction of business there; also a written statement, marked B, referring to certain supervising duties and agencies assigned by law to the collector.

EXHIBIT A.

Organization and assignment of duties in the collector's office, custom-house, New York.

FIRST DIVISION.

The auditor's department.—Accounting with the treasury; disbursements; return of duties and excess of deposits; payment of drawbacks; liquidation of consumption entries and adjustment of damages; statistics of imports, exports, tonnage, and passengers; archives and records; correspondence relating to the business of this division.

S. G. Ogden, auditor; John W. Hunter, assistant; Edmund M. Evans, chief liquidating clerk.

SECOND DIVISION.

The cashier's department.—The collection of duties and fees.
William D. Robinson, cashier; James Hoffman, assistant cashier.

THIRD DIVISION.

The department of the storckeeper of the port.—The superintendence of all warehouse business; warehoused and unclaimed goods; the private and public warehouses; and all the correspondence growing out of or connected with the same; the superintendence of the collector's clerks at the appraisers' stores, and the current business of the office.

J. H. Stedwell, deputy collector in charge; Jeremiah Lothrop, chief clerk; D. G. Lobdell, warehouse superintendent.

FOURTH DIVISION.

All business connected with the entrance and clearance of vessels; the registry, enrolling, and licensing of vessels; granting protections to seamen; recording bills of sale and mortgages of vessels; the examination and comparison of manifests with officers' returns; and all correspondence growing out of or connected therewith, and the current business of the office.

George W. Embree, deputy collector in charge; S. S. Norton, chief clerk.

FIFTH DIVISION.

The control and direction of the business of all the entry clerks, bond clerks, and amendment clerks, other than those in the warehouse department; fixing rates of duty; and all other questions arising out of entries for, and landing goods for, consumption; and the exclusive direction of the issue of "free permits," so called; and the current business of the office.

B. F. Mudgett, deputy collector in charge; E. D. Ogden, chief clerk.

SIXTH DIVISION.

The control and direction of the invoice clerks, and the custody of all invoices, appraisements, and damage certificates, and the current business of the office.

Henry Calhoun, deputy collector in charge; T. D. Knower, chief clerk.

SEVENTH DIVISION.

The control and direction of the order clerks and the issue of delivery orders, and the current business of the office.

Alexander McLeod, deputy collector in charge; Daniel Jackson, chief clerk.

EIGHTH DIVISION.

The supervision of all exports entitled to drawback of internal revenue and customs duties, on articles manufactured from foreign materials; the ascertaining and certifying such duties; the taking and cancellation of required bonds; the charge of all export entry papers for benefit of drawback, and officers' returns thereon, and of certificates in proof of the landing of such exports abroad.

Nelson K. Wheeler, deputy collector in charge; A. B. Olmstead, chief clerk.

NINTH DIVISION.

The care of all suits brought against the collector; the taking of all bonds required by law or treasury regulations on shipments to domestic or foreign neutral ports, to guard against the same being used to "give aid or comfort" or information to the insurgents.

Cornelius A. Runkle, deputy collector in charge; W. C. H. Waddell, chief clerk.

TENTH DIVISION.

The investigation of attempts to defraud the revenue; enforcement of fines, penalties, and forfeitures; custody of all goods seized by the revenue officers, and care of suits instituted in consequence thereof; prosecution of all bonds, the conditions whereof have been violated; and the receipt, examination, custody, and cancellation of bonds taken in the ninth division, after the same are perfected.

Albert Hanscom, deputy collector in charge; F. A. Durivage, chief clerk.

ASSISTANT COLLECTOR, CHARLES P. CLINCH.

Generally the assistant collector will exercise the powers devolved by law upon the collector. He will have charge of the correspondence connected with the business of the fifth, sixth, and seventh divisions, and supervise all other official correspondence of the office. He will supervise the organization of the several departments of business, and will hear and decide all questions that arise within the scope of these duties and responsibilities; and particularly all questions relating to rates of duties, damage, penalties, and forfeitures; and have the custody of the records of official correspondence; to which bureau is attached Joseph Treloar, chief clerk; Benjamin C. Bachman, assistant; F. J. Phillips, assistant.

Regulations.

1. The heads of the several divisions will entertain and decide all questions which may arise in respect to matters belonging to their respective bureaus.

2. Appeals from their decisions may be made to the assistant collector, or may be submitted in writing for the consideration of the collector.

3. Reports must be made daily by the heads of divisions on the current business, and of the decisions made by them, if any incident of importance shall have occurred in such proceedings.

4. The collector will hold consultations every morning until twelve o'clock with the heads of divisions upon their reports and upon appeals from their decisions, and with the heads of other departments of the customs.

5. Visitors on public business will be received from twelve to two o'clock. From two to four o'clock the collector will be engaged in the examination and signing of official letters and documents.

6. The assistant collector will distribute the official letters to the appropriate heads of divisions for attention and answer.

7. All letters prepared by the heads of the several divisions for the collector must be presented to the assistant collector for his perusal and check before being submitted to the collector for his approval and signature.

HIRAM BARNEY, *Collector.*

EXHIBIT B.

The collector of the district of the city of New York is charged by law, *ex officio*, with the further functions of superintendent of lights.

Inspector of light-house, Commodore L. M. Powell, United States navy; office No. 19 Cedar street.

Agent of United States Marine Hospital, Theodorus Van Tine, sub-agent; office in the sub-basement of the custom-house, Hanover street.

Agent of the United States revenue marine, service, and material, T. B. Stillman, supervising inspector; office No. 23 Pine street.

Agent for receipt and disposal of captured and abandoned property transported from insurrectionary districts, Francis Robinson, chief clerk, (1st division.)

Question. The resolution of the House refers to this committee the charges recently made of official misconduct in the New York custom-house in regard to the alleged shipments of contraband goods and supplies, and all matters of alleged misconduct in the management of the affairs in that custom-house. The committee propose to direct their inquiries with reference to this specific matter. You will please go on and state to the committee what bureau or division has charge of that matter, who the present officer there is, and then, if you can, give us any information in your possession in reference to those general charges made against the custom-house, limited to that bureau.

Answer. The ninth division has charge of the business concerning which the inquiry is made. Mr. Henry B. Stanton was the deputy in charge of that division until October, 1863, when Mr. A. Hanscom was put in charge of it; and in December Mr. C. A. Runkle was appointed deputy in place of Mr. Stanton, who had resigned.

When a vessel is loaded the master or owner presents to Mr. Embree, the clearance deputy, a manifest, showing the name of the vessel, and of the owners and master, the place of destination, and a list of the cargo, with the quantity, value, and owner of each shipment, and makes oath to it. If the vessel is destined to a port contiguous to, and in direct commercial intercourse with, ports or places in insurrection against the government of the United States, and if there is reason to believe that the goods shipped may be used to give aid or comfort to the enemies of the United States, Mr. Embree refuses to clear the vessel unless bonds are given in amount equal in value to such cargo, conditioned "that said cargo shall be delivered at the destination for which it is cleared or permitted, and that no part thereof shall be used in affording aid or

comfort to any person or parties in insurrection against the authorities of the United States, with the knowledge or consent or connivance of the owner or shipper thereof, or with the knowledge, consent, or connivance of the master of the vessel on which the same may be laden, or of other persons having control of the same," &c.

The master or owner of the vessel presents to the deputy collector having charge of the preparation of the bonds the manifest on which Mr. Embree has indicated the goods to be bonded, and he prepares the bonds in accordance with law and the instructions of the Secretary of the Treasury. Then the manifest, or list of articles shipped, is returned, marked by the deputy collector taking the bond, indicating that the proper bond has been taken, and then the vessel is cleared by the clearance deputy.

Complaints have been made constantly by merchants against these restrictions upon trade—by British subjects to the British consul at New York and to the British minister at Washington, and by American citizens to the Secretary of the Treasury. I have been very frequently required to answer these complaints by full reports of the facts in justification of the proceedings of the custom-house authorities. Some of these reports appear in the volumes of diplomatic correspondence published by the State Department.

Changes and modifications from time to time have been made in the requirements and in the form of the bonds by the concurrence of the Secretary of the Treasury or by his direction.

I should remark that this is entirely a new business in the custom-house, growing, as have many other kinds of business there, out of the peculiarities of the times. The deputy collectors, Mr. Embree and Mr. Stanton, who have had the immediate charge of this business, always manifested great vigilance and care to have it done in accordance with the letter and spirit of the law and instructions by which I was governed. And whenever a case or question arose involving doubt as to what would be the proper course to be taken, they would come to me with a statement of such case or question, and of the law and instructions bearing upon it. So that I had no doubt but that the business was well attended to.

Persons doing business with the custom-house, and attending to their own interests, are very apt to complain when they do not meet with the accommodation which their interests require.

It is to be remarked in this connexion that with all those ports where there is a contraband trade with the insurgent States there is also, as there always has been, a legitimate trade between regular merchants at those ports and in New York. Ship-owners who send their vessels, as aforetime, to those ports, take such goods as are offered, provided the custom-house will clear them.

Almost every vessel clearing has on board some goods which are entitled to clear at once without bond, as they are evidently going to supply a legitimate demand for consumption or trade at the port or destination. Generally, however, vessels loaded for ports to and from which blockade-runners go, contain as a portion of their cargo—sometimes, perhaps, the whole of it—goods which are wanted by the insurgents, and are likely to go to them. These are bonded. Those engaged in a legitimate trade have, therefore, to suffer delays and inconveniences in consequence of these restrictions, which are imposed to restrain and prevent a trade which contributes to the aid and comfort of the enemy.

You will understand that all these circumstances complicate all this business of taking bonds.

As to the discovery of certain irregularities in Mr. Stanton's bureau, it occurred in this wise: Some time last summer a person whose character had been a subject of remark to me as suspicious, and against whom I was cautioned, called upon me and said that there was something wrong in the bonding of goods and in the cancellation of bonds in Mr. Stanton's division, and if I would

do certain things, and if I would do something in the way of appointing an agent, he would do so and so. I do not now recollect precisely what the proposition was, but I do recollect that I considered it inadmissible. He said he would find out some things which were wrong—that money had been used. I called in Mr. Hanscom, and requested him to examine the statements and propositions and see what they amounted to, and if he thought favorably of them to report to me. He afterwards reported that he had some conversation with the man, but that he thought it was not worth while to accede to his propositions. But nevertheless Mr. Hanscom continued to talk with him in the hope of finding out something of advantage to the government. With what passed subsequently in connexion with this man I am not definitely enough acquainted to give a detailed statement, but must refer you to Mr. Hanscom.

These conferences commenced in the latter part of August, and extended five or six weeks. During this time, or soon afterwards, some apparent hesitation or unwillingness on the part of Mr. Stanton to institute proceedings for the condemnation of the "José"—a vessel which had been seized by the officers of the customs—served to increase the suspicion already existing of irregularities and improprieties in the management of the business of the 9th division.

Mr. Jordan, the Solicitor of the Treasury, being requested, went to New York, and prosecuted an investigation which related chiefly to the cancelling and delivery up of bonds. I was not present at the investigation, but it was proven that bonds had been cancelled on insufficient testimony, and that some had been abstracted from the bureau, and delivered up to the obligors before the shipments had arrived, in some cases, at the point of destination. When the Solicitor had gone so far in his investigation as to ascertain that bonds had been abstracted from the bureau, and delivered to the parties making them, he made a statement to me of the facts which had been elicited in his investigation. The testimony was to the effect that Stanton's son had abstracted and delivered the bonds to those parties for a consideration in each case. It was not proven that Mr. Stanton was privy to this in any manner, but strong suspicions were developed of his complicity; moreover, his son was in his room a great deal of the time, and persons dealing with him went into Mr. Stanton's room to see his son.

Question. Was Mr. Stanton's son an attaché of the office?

Answer. He was a clerk.

Question. A clerk to his father?

Answer. He was a custom-house clerk, and assisted his father in writing out the blanks, &c. No testimony implicating Mr. Stanton any further than I have mentioned was disclosed. A number of bonds were produced, that had been delivered up without the production of evidence to justify cancellation. I think there were seven delivered up in all. I am speaking entirely from my recollection of the testimony, which is in the possession of the Solicitor of the Treasury.

On ascertaining that bonds had been abstracted, I dismissed Mr. Stanton from the charge of that division within a half hour, and drew up the order directing him to deliver up all the papers to Mr. Hanscom, whom I ordered to take charge of his (Stanton's) division, and to make a thorough investigation in regard to all the bonds, and to see if any more were missing. I ordered him also to examine the different bonds with reference to the manner in which they had been taken, and the proofs on which they had been cancelled. He took possession of the bureau within an hour from the time the first communication was made to me by Solicitor Jordan of the conclusion to which he had arrived from the investigation; and Mr. Stanton has not had charge of it since. I directed Mr. Hanscom to examine every paper that went out of the office, and to deliver to Mr. Stanton only strictly private papers—thus securing an examination of the office just as Mr. Stanton had left it.

That examination has been made, but no formal report has yet been communicated to me, but such report is now being prepared by Mr. Hanscom. I understand, however, that the number of bonds is about 5,000. A large number of them have been cancelled properly on the required consular certificate, and on other proper evidence. When these certificates were produced, the word "cancelled" was written on the bond, unless there was some evidence to justify the requiring of further evidence. When there were suspicious circumstances, proofs additional to the consular certificates were required, that the goods had been properly sold, or had entered into consumption, or into proper hands at the port for which the vessel was destined according to the regulations.

I, of course, immediately removed young Stanton at the same time I removed his father from the charge of his bureau, and he has not been in the custom-house since. He afterwards came with his mother to me and made a confession of the whole matter. His statement was confirmed by a cousin of his, a very respectable lawyer, who stated he had concealed his conduct from his father, and that he wished him to conceal it, because he was afraid of his father's indignation. This son is about nineteen or twenty years of age.

To avoid the irregularities which have hitherto attended the taking and cancellation of these bonds, I have so changed the arrangement of the business that Mr. Deputy Runkle, the successor in the ninth division of Mr. Stanton, takes the bonds, and each day makes a list of the bonds taken, embracing a brief description of each bond, and on the same day delivers the bonds so taken, and the list, to Mr. Deputy Hanscom, who files the bonds in a secure place in his bureau, after having carefully examined and compared them with the list, and on the day after, before 12 o'clock, sends the list to me with his certificate annexed, that he has received, examined, and filed the bonds described in the list. He also attends to the cancellation of the bonds on presentation to him of the required proofs.

Within the last few days it has been alleged that Mr. Stanton took an active interest in inducing various persons to become sureties on bonds, and I am also informed that an affidavit was made on the sixth of January to the effect that Mr. Palmer, a clerk formerly in the ninth division, but latterly attached to the tenth division, and sometimes engaged in assisting me in correspondence in respect to appointments, induced the person making that affidavit to become surety on a bond given for a shipment of goods. I have also been informed, I think by Mr. Hanscom, that Mr. Palmer himself became surety on a bond of small amount for a shipment to Georgetown, D. C.

Mr. Palmer was appointed a clerk of the customs soon after my own appointment. He was most respectably introduced to me, and earnestly recommended to my confidence; and his conduct, so far as it came under my observation or knowledge, justified the recommendation upon which I appointed him, until the time of his arrest, which occurred on the 7th of January, during my absence for a few hours from the custom-house on official business. I had no other than official relations with him, and knew nothing of his associations. So far as I could observe myself or knew of him, he performed his duties faithfully; but since his arrest I have heard various reports and statements, which appear to be entitled to credit, to the effect that he has had social relations with persons engaged in shipments of goods to Nassau, and has also had money transactions with those persons. I am informed that the evidence in support of these statements was discovered rather accidentally among the books and papers found in the safe of Mr. Benjamin by the officers of the customs and the United States marshal on the 7th of January, several days after Benjamin's arrest and imprisonment. This evidence, obtained during my brief absence from the office on that day, together with the affidavits and statements already mentioned, were laid before General Dix, who ordered the arrest and imprison-

ment of Mr. Palmer. On the 8th of January Mr. Palmer was suspended from duty and pay as a clerk of the customs.

Some time in November last information was received that certain persons engaged in running the blockade would go from Nassau to New York by the Corsica, a British steamship, running between Havana and New York, touching at Nassau, and that much valuable information would be found upon them. A large force of inspectors boarded the Corsica coming into port, and the passengers and their baggage were thoroughly examined. Evidence was found implicating some of them as blockade-runners; some seizable property, and various important papers were found on them. Among these papers was a list of certain articles which had been found upon the Margaret and Jessie, a prize vessel, caught in the act of running the blockade, and brought to New York for condemnation. On comparison of that list with the manifests of the Margaret and Jessie and of the Robert E. Lee, a prize vessel, taken to Boston for condemnation, and of other vessels by which shipments had been made by persons in New York to persons in Nassau, a similarity so striking was apparent that little, if any, doubt exists that they are to a considerable extent identical and the same; and certain persons at New York and Nassau were shown to be interested in the shipment of those and other goods from Nassau into the rebel States. These facts were represented to the United States marshal and to General Dix, and some of the persons referred to have been arrested and imprisoned.

In this way, and by a concurrence of improbable events and circumstances, we have obtained the only evidence we have yet reached (except, perhaps, some which probably may exist at Matamoras) that tends to render available any of the five thousand bonds we have taken at New York.

THURSDAY, *March 4*, 1864.

Hiram Barney recalled.

By the chairman:

Question. I will ask you what are your receipts for seizures, commissions, salary, &c., per year as derived from your official position in the custom-house?

Answer. My salary is \$6,340 a year, and this is all that I receive from the treasury or the government; my receipts for seizures, fines, penalties, and forfeitures, from the time I entered upon the duties of my office, April 8, 1861, to the 29th of February, 1864, were \$49,976 78. It may be proper to state here that this amount is considerably diminished by payments for information and services in connexion with the discovery of frauds on the revenue. In one case it occurs to me the revenue officers paid out of their distributive shares about \$4,000.

I submit the following statement, prepared, at my request, by the auditor of the customs. It embraces a schedule of the aggregate amounts received each month from fines, penalties, and forfeitures, which are distributed as set down:

EXHIBIT C.

Statement of fines, penalties, and forfeitures received and distributed by Hiram Barney, collector for the district of New York, from April 8, 1861, to February 29, 1864.

Date.	Gross proceeds.	Officers of the court.	United States.	Late collector.	Late naval officer.	Late surveyor.	Collector.	Naval officer.	Surveyor.	Informers.	Remarks.
1861.—April.....	\$3,631 13	\$241 01	\$1,685 06	\$565 02	\$565 02	\$565 02	.....	.....	.....	.....	.....
May.....	1,969 83	857 63	447 03	202 14	202 14	202 14	\$65 20	\$75 73	.....	\$58 75	.....
June.....	1,147 20	383 55	372 33	65 34	130 44	130 44	75 72	55 55	.....	7 08	.....
July.....	1,983 80	296 94	335 74	38 76	38 75	.....	55 57	.....	\$49 72	.....	.....
August.....	405 00	71 05	166 68	.....	.....	.....	721 10	721 10	47 13	1,210 08	.....
September.....	7,199 63	451 66	3,373 99	.....	.....	.....	4,000 88	4,090 88	4,000 88	.....	.....
October.....	24,926 48	441 21	12,272 63	.....	.....	.....	524 18	524 16	524 16	.....	.....
November.....	1,911 00	96 00	1,572 50	.....	.....	.....	721 67	721 67	1,714 04	.....	.....
December.....	4,330 00	.....	2,165 00	4,260 09	4,260 09	4,266 08	1,730 05	1,730 03	1,638 15	.....	.....
1862.—January.....	36,632 58	769 81	17,922 39	.....	.....	.....	1,638 15	1,638 15	1,638 15	.....	.....
February.....	3,828 30	.....	4,914 44	69 26	69 26	69 26	293 91	293 91	293 91	.....	.....
March.....	2,966 09	965 08	511 50	.....	.....	.....	213 11	213 11	213 12	.....	.....
April.....	3,045 00	1,766 32	639 34	.....	9 89	9 89	1,510 10	1,500 83	1,500 23	.....	.....
May.....	643 49	643 49	4,300 67	.....	.....	.....	987 99	988 00	988 00	.....	.....
June.....	6,274 14	346 15	2,964 00	.....	.....	.....	136 71	136 71	136 71	.....	.....
July.....	2,563 56	635 35	858 80	153 10	153 09	153 09	1,049 36	1,039 98	1,035 91	.....	.....
August.....	6,501 16	96 67	3,292 23	18 05	27 45	31 51	4,191 78	4,191 73	4,191 74	.....	.....
September.....	25,686 50	536 00	12,575 25	.....	.....	.....	4,101 71	4,101 70	4,101 70	66 29	.....
October.....	26,916 84	1,370 35	13,175 09	.....	.....	.....	2,209 65	2,209 65	2,209 64	.....	.....
November.....	14,294 55	1,036 66	6,628 95	.....	.....	.....	83 34	83 33	83 33	.....	.....
December.....	500 00	.....	250 00	.....	.....	.....	.....	.....	.....	.....	.....
1863.—January.....	500 00	.....	250 00	1,330 49*	297 25	297 25	1,104 93	1,104 92	1,104 92	.....	*Collector, N. Orleans.
February.....	12,037 03	963 00	5,537 02	297 25	297 25	297 25	375 30	375 30	375 30	.....	.....
March.....	2,873 69	625 34	1,122 45	.....	.....	.....	3,294 33	3,294 33	3,294 33	.....	.....
April.....	20,549 68	683 72	9,932 97	50 00†	.....	.....	2,204 93	2,204 94	2,204 93	.....	†Collector at Beaufort.
May.....	13,229 60	.....	6,614 80	.....	.....	.....	.....	.....	.....	.....	.....
June.....	38,064 04	{ 10,061 00*	10,488 44	.....	.....	.....	3,513 21	3,513 18	3,513 18	.....	*Claimants.
July.....	21,229 16	{ 6,975 03*	2,216 08	.....	.....	.....	3,402 89	3,402 89	3,402 89	107 21	.....
August.....	6,209 51	635 10	2,654 22	135 91	135 90	135 91	701 59	701 58	701 58	407 72	.....
September.....	35,065 40	683 00	17,186 20	.....	.....	.....	5,677 89	5,677 91	5,677 90	152 30	.....
October.....	20,141 00	831 00	9,622 49	101 60	101 59	101 59	3,127 39	3,127 37	3,127 37	.....	.....
November.....	13,700 56	837 61	6,359 73	831 03	831 04	831 03	1,241 31	1,241 28	1,241 28	346 25	.....
December.....	1,394 93	76 60	6,929 17	70 57	70 57	70 56	237 48	237 49	237 49	5 00	.....
1864.—January.....	4,280 75	408 70	1,936 02	.....	.....	.....	645 35	645 34	645 34	.....	.....
February.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total.....	382,163 24	34,523 43	173,543 21	8,188 51	6,892 48	7,658 05	49,976 78	49,892 15	49,126 55	2,362 08	.....

I now submit a statement, prepared for me from the books of the cashier of commissions received from State officers for the whole period during which I have held office. The total amount is \$10,875 62:

EXHIBIT D.

Statement of all commissions received at the cashier's department for and paid to Hiram Barney, esq.

Date.	5 per cent. Harbor-masters.	3 per cent. Health officer.	2½ per cent. State hospital.	Total.
1861.				
April, (8 to 30)	\$145 44	\$77 68	\$67 33	\$290 45
May	221 04	116 97	97 39	435 40
June	127 69	78 03	59 53	265 25
July	164 75	91 40	81 35	337 50
August	119 85	64 71	58 01	242 57
September	171 38	75 57	74 92	321 87
October	189 64	83 04	80 17	352 85
November	217 23	95 94	94 56	407 73
December	157 49	98 86	85 04	341 39
	1,514 51	782 20	698 30	2,995 01
1862.				
January	206 79	98 47	98 70	403 96
February	115 31	65 52	55 55	236 38
March	159 34	78 58	71 37	309 29
April	128 58	76 72	61 96	267 26
May	139 00	91 15	73 03	303 18
June	129 93	86 53	65 54	282 00
July	185 57	108 09	87 00	380 66
August	148 95	94 65	76 18	319 78
September	212 09	102 51	94 55	409 15
October	200 91	105 79	86 86	393 56
November	157 61	71 36	70 85	299 82
December	172 83	83 85	73 76	330 44
	1,956 91	1,063 22	915 35	3,935 48
1863.				
January	177 90	80 14	72 05	330 09
February	103 07	54 99	46 18	204 24
March	144 17	71 95	53 02	269 14
April	160 06	82 00	59 73	301 79
May	196 68	103 93	77 42	378 03
June	162 85	102 21	68 95	334 01
July	173 65	102 55	66 12	342 32
August	140 99	83 40	56 22	280 61
September	144 73	82 03	57 16	283 92
October	147 96	84 73	58 00	290 69
November	137 65	80 85	54 53	273 03
December	128 38	75 07	47 94	251 39
	1,818 09	1,003 85	717 32	3,539 26
1864.				
January	110 14	59 47	39 05	208 66
February	112 15	51 67	33 39	197 21
	222 29	111 14	72 44	405 87

RECAPITULATION.

Date.	5 per cent. Harbor-masters.	3 per cent. Health officer.	2½ per cent. State hospital.	Total.
1861.				
April 8 to Dec. 31.....	\$1,514 51	\$782 20	\$698 30	\$2,995 01
1862	1,956 91	1,063 22	915 35	3,935 48
1863	1,818 09	1,003 85	717 32	3,539 26
1864, Jan. and Feb.....	222 29	111 14	72 44	405 87
	5,511 80	2,960 41	2,403 41	10,875 62

I will make an explanation of this. By the laws of the State of New York, the harbor-masters collect fees from ships for obtaining berths at the docks. The health officer collects fees from passengers on board ships, and the officers of the State hospital are required to do the same. These fees are added to the manifest of the ship when it is presented to enter at this port, and must be collected before the ship is allowed to depart. These State officers—the harbor-masters, health officer, and the managers of the State hospital—have and can obtain no facilities for the collection of these fees in a way satisfactory to them excepting at the custom-house. They have for a great many years requested the person holding for the time being the office of collector to collect those fees at the same time that he collected fees due to the United States, and hold the money subject to their order.

This arrangement has existed for a great many years, and the service has been performed by the various collectors who have held office, although it is a responsibility which is not attached to the office of collector in any way, but is a personal responsibility and trust. The fees must be collected, and the evidence of it furnished to the collector, before he can clear a vessel. It saves these officers all trouble and risk to have these fees collected by a responsible person, and gives less trouble to clerks here than it would to receive, examine, and file vouchers for every payment—for the money is now received and noted with great facility.

Question. Is there any other source from which you have received anything, except what you have now mentioned?

Answer. I have not had any other receipts, either as collector or as agent, other than I have stated, according to the best of my knowledge and belief, excepting commissions amounting to \$95 87 on two lots of timber and other property sent to me from Virginia in 1862 and sold.

Question. Do these schedules, either one of them, give us the amount which it is reported or alleged you have received in the cotton business—for sales of cotton under the direction of the government?

Answer. I have received no commissions for that business.

Question. Have you not sold cotton here under the direction of the government?

Answer. I have.

Question. In behalf of the government?

Answer. I have.

Question. Have you received any commissions upon those sales?

Answer. I have not.

Question. Are you to receive any?

Answer. I have not charged them any; my accounts have not been rendered and closed.

Question. I will ask you whether you design to make such charges; and if so, to what amount?

Answer. I do not design to make such charges, but hold the subject under advisement.

Question. Have you been invited or expected to do so?

Answer. I have neither been invited, nor do I know that I am expected to do so.

Question. The committee understand you to say that you have never received, preferred or made a charge of that kind; that you have not been invited to do so; and that you do not expect to make such charge?

Answer. I have been advised by persons to do it as a matter of right and propriety, because I have assumed a very great responsibility in the matter, and have been threatened with suits, and also upon the further ground that the commissions, if charged, would be for the management of property not belonging to the United States, and upon money not belonging to the treasury of the United States. The cotton was received, stored, and a large portion of it ginned, prepared for the market, and sold upon my personal responsibility, and the greater part of the proceeds were expended for the purchase and shipment to South Carolina of clothing and provisions for the destitute colored people there; for tools, farming implements, agricultural seeds, and payments for labor. I managed this business with strict economy and care. I do not relinquish my right to make proper charges, but I do not intend to avail myself of that right unless I should incur liabilities and losses, which would make it a matter of equity and duty to provide for.

Question. I will now ask you the question which will cover the whole ground, whether you have received, either from the government, individuals, firms, or consignees, any commissions for these purchases?

Answer. None whatever, in any shape or form.

By Mr. Le Blond :

Question. I see from the published reports of Mr. Stanton's examination, and also from your testimony, that he took fees outside of his legitimate duties as an officer. I will ask you this question: Did you authorize Mr. Stanton to take fees not required by the revenue laws?

Answer. I did not authorize him to take any fees. Mr. Stanton was a notary public, and it was a matter of convenience, as I supposed, to the persons doing business there to have their bonds completed there by their affidavits, without going to find a notary. I did not prohibit his taking notarial fees.

Question. Did you know of his taking such fees?

Answer. I rather think I did, but only the regular fees of a notary. I understand that he only took such.

Question. Do you know of his taking other fees aside from his notarial fees?

Answer. I do not, unless his statement admits it.

Question. Did you know that Mr. Stanton had communicated the fact to the Secretary of the Treasury that you authorized him to take these notarial fees?

Answer. I did not.

Question. Have you seen his public statement alleging that fact?

Answer. I have seen a letter, published in the newspapers, addressed to the Secretary of the Treasury.

Question. Averring in it that you had so authorized him?

Answer. I did not so understand it, though I never read it but once, and that very cursorily.

Question. I will ask you if the laws of the United States do not require a notarial seal to one of these bonds to make it valid?

Answer. I was not aware that they did.

Question. Is there any rule or regulation in the custom-house requiring it to be acknowledged?

Answer. I think I suggested to Mr. Stanton at one time that it would be

better that these parties who were offered as sureties should justify in respect to their responsibility on oath, as the courts required in some cases, in order to have evidence that they were sufficient sureties.

Question. Does the acknowledgment in these bonds aver that the sureties are responsible?

Answer. I cannot state positively as to that, for I have not examined the bonds with reference to that matter, but a proper form of justification would state that the sureties were worth the sum required to be secured over and above all their just debts and liabilities, and also, in case the bonds should be forfeited, that these parties should have property in the district that might be reached.

Question. Do you know whether or not there is a considerable amount of money due the United States for penalties for violation of the revenue laws of the United States, or for duties uncollected?

Answer. Questions have been raised in respect to shipments of wool from foreign ports into this country, and especially from Buenos Ayres, whether, in the making out of the invoices in one currency and transmitting them reduced into another currency, some evasion of the revenue laws had not been practiced by importers. That question was raised by my predecessor before I came into office. It was a question for experts to settle; I think myself it is a question, properly decline to bring suits; at the same time, I have always been ready to bring them, if it were deemed advisable to do so. Proposals were made to the about which there are so many differing opinions, that the government might Secretary of the Treasury to bring suits for the recovery of these duties, and he has thus far declined to authorize them.

Question. What is the amount in controversy in the event that the government was entitled to recover the duties upon these importations?

Answer. A very large amount, I should think; I cannot say how much.

Question. Would the amount be a million of dollars?

Answer. I have heard it stated as high as that; I have made no calculations myself.

Question. Has there ever been a suit commenced?

Answer. There are three — suits pending in Boston and one in New York, involving the questions at issue between the government and importers from Buenos Ayres.

Question. By this reduction of currency do they bring the article imported under the rates that would subject it to the payment of duties at this port?

Answer. By one mode of calculation which is claimed to be correct, some portion of the importations here would be subject to duty; by another mode of calculation they would come in free.

Question. I also notice, that Mr. Stanton says that you authorized, or rather sanctioned, his taking bonds without sureties. Have you ever given him such sanction?

Answer. I do not believe I have.

Question. Are you sure that you did not?

Answer. I will state upon this point, that while engaged, as I am most of the time in the custom-house, in the consideration of questions that are put to me with great rapidity in regard to the business of the office, Mr. Stanton and other deputies have been in the habit of coming in while I have been engaged, and stating cases that have been presented for their consideration, and which need a decision on my part, and also the rules and regulations in respect to them. I would not have time to look at the facts in any other light than they were represented to me, and sometimes I would make off-hand decisions in regard to them. I have no means of preserving these statements, and I cannot state positively what I may have said in regard to all cases presented to me.

I am confident, however, that I have given no such direction, as this question assumes, to Mr. Stanton.

Question. I also notice, by some testimony here, that some of these blockade-runner bonds were cancelled. Was that done without your knowledge or consent?

Answer. I presume they were; I have no recollection of these bonds, or of any questions arising in regard to them.

Question. You presume they were cancelled without your knowledge or consent?

Answer. I have no doubt that they were.

Question. Are you certain that you never did give any such sanction?

Answer. I would be certain and positive that I did not but for this: Mr. Stanton might have come to me and made a statement of facts upon which I might have said a bond could be cancelled. These facts might or might not have been correct. Mr. Stanton was a lawyer, having charge of this particular division, giving his whole mind, as I supposed, to the business, and all the questions that might arise in it. I trusted to his intelligence and accuracy in making statements of fact, and to some extent to his professional ability in making representations of the law and the regulations or instructions. Presenting cases for instant decision as he did, it is possible that in some instances I may have been misled and arrived at decisions which were not warranted by the law and the facts; but I have no recollection, nor do I believe, that I ever gave any directions to him to cancel these bonds in the manner in which they were cancelled. In regard to the cancellation of bonds by order of the collector, the instructions, according to my recollection, require that the words "cancelled by consular certificate" should be written upon the bond; that the evidence of its cancellation should be in the words "cancelled by consular certificate."

By Mr. Rollins:

Question. You say that many of these bonds were cancelled upon the verbal representations of parties interested. Would the regulations allow of any such cancellation, or did you give any orders that they might be thus cancelled?

Answer. I was misunderstood. My decisions were sometimes made upon *Mr. Stanton's* representations of the case. But I understood from him that he required evidence in proper form to satisfy his mind that the conditions of the bond had been complied with; and where circumstances or facts came to his knowledge justifying a suspicion that the consul's certificate was erroneous in point of fact, he insisted upon other and further evidence in due form to satisfy him of the propriety of cancelling the bond. This was understood to be the practice in all cases.

By Mr. Le Blond:

Question. I will ask this further question, and I do it for the purpose of eliciting information as to the general manner of investigating these matters: Did you pay any special attention to what is known as the bond bureau—to the management of business in that bureau?

Answer. I gave special attention to the bond bureau, as I did to the other business of the custom-house, when anything occurred that seemed to require it.

Question. I notice in this testimony that you speak of the gentleman who first communicated to you any cause for suspicion with regard to Stanton. Who was this person?

Answer. Mr. Hussey.

Question. Is he a resident of this city?

Answer. I do not know whether he is a resident of this city or Baltimore.

Question. What is his given name?

Answer. I cannot recollect his given name.

Question. Did you at that time take any action upon that information?

Answer. I took the action mentioned in my former testimony.

Question. Has the practice of taking illegal fees, or omitting the collection of legal fees, been carried on in Mr. Stanton's department, or in any other department of the custom-house, to your knowledge?

Answer. I have already referred to the matter of taking notarial fees. The taking of any fees whatever by Mr. Stanton, or any other officer in the custom-house, for drawing papers for parties doing business in the custom-house, was never known to me. When the first bond was to be taken under the treasury regulations in reference to internal trade, (which was a bond of Adams's Express Company,) Mr. Stanton took particular pains to alter and make it and the accompanying papers satisfactory. I had suggested certain alterations, and he took some extra trouble about them. He casually remarked to me that he supposed he might properly charge \$5 for preparing them. I replied that no such charge could be made, and thought my reply settled the question. I did not know of his charging for drawing any paper in connexion with his official business. I presumed that he only received the usual fees for notarial certificates. I understand that he denies receiving any other compensation.

Question. Is that practice carried on now in any one of the departments of the custom-house?

Answer. Not to my knowledge. Let me say a word here in respect to the omission to collect fees. When this law went into operation about taking bonds, this question was raised about the right to charge government fees, and I consulted some of the old officers in the custom-house. Mr. Clinch was, I think, one whom I consulted. He then thought we had no right to charge the fee, and still, I believe, doubts the propriety of the charge. We concluded that we had no authority to charge a fee on these bonds, as we did on other bonds, because those bonds were not required when that law was passed, and only applied to those that were then required.

Question. Whose duty is it to examine these bonds and approve them?

Answer. The deputy collector.

Question. Is it the duty of the naval officer to approve any of these bonds?

Answer. I cannot say that it is, unless he has reason to suspect that there are some errors or intentional violation of the regulations, and then I consider it to be his duty, because the permit to ship goods cannot be given without the bonds being taken to him, and he must sign the clearance, as well as my deputy.

Question. For how long a period had you omitted to charge fees upon those bonds?

Answer. I think up to the time of Mr. Stanton's removal. I do not consider the claim a perfectly clear one as to the fees on those bonds. When Mr. Hanscom took charge of the business of that bureau, he again raised the question of charging fees, and we concluded to make the charge.

Question. Let me ask you in regard to the appraisers' bureau: Have you had any information of frauds or illegal practices in that department of your office?

Answer. I have had frequent complaints of loss of goods sent there for examination.

Question. When was that matter first communicated to you—how long ago?

Answer. These complaints have been frequent for a long time.

Question. Have you at any time taken any action with reference to ferreting out such losses?

Answer. I have no power to take any action, further than to call upon the appraisers to report the facts in such cases; and, having obtained such reports, I have communicated them to the Secretary of the Treasury, who has directed an examination into this subject by special agents.

Question. And investigations have been made by special agents?

Answer. Yes, sir.

Question. When was the first examination made?

Answer. I do not know. These examinations were commenced without any communication to me. I only hear of them when they are made.

Question. Have you heard of more than one examination being made?

Answer. Mr. Jordan took testimony upon the subject, and I think Mr. Bailey has, and I don't know but there have been others.

Question. Have you heard of other agents having made examination in that department?

Answer. I cannot name any other now.

Question. Have there been any removals made in consequence of any alleged corruptions in that department?

Answer. There have been several removals made in the appraisers' office. I have no power of removal or appointment there; these appointments are not made by me. The general appraisers and the local appraisers are appointed by the President, and the assistant appraisers are appointed by the Secretary of the Treasury, with the approval of the President. The subordinate officers of the appraisers' department are appointed by the local board of appraisers.

By Mr. Rollins :

Question. Are not some of these appointments, which are nominally made by the President or the Secretary of the Treasury, really and substantially made by yourself?

Answer. The Secretary of the Treasury, some months ago, decided that the board of appraisers, in making their nominations, should make them through the collector. The proceeding amounts to this, that they send their appointments to me, to be forwarded to the Secretary of the Treasury.

Question. Do you not make some recommendation, either of approval or disapproval?

Answer. I think not. The surveyor does the same thing with the clerks in his office; but I have no power over the appointment or removal of these officers.

By Mr. Le Blond :

Question. You say that some examinations have been made by the direction of the Secretary of the Treasury. Have any removals been made as the result of those examinations?

Answer. I am not able to answer positively, but think there were many so made.

Question. Is there a special agent from the Treasury Department here now to make such investigations?

Answer. There is, and has been for some time—J. F. Bailey.

Question. What instructions have been given to him relative to the regulations of the custom-house?

Answer. I have not seen any instructions.

Question. Have any instructions sent to Mr. Bailey been shown to you by Mr. Bailey?

Answer. They have not. I will state that Mr. Bailey, as I understand, has been for some time making investigations in Boston and New York. His investigations here have generally been conducted without my knowledge, not always knowing myself what they related to.

Question. Does he not control things here?

Answer. He does not exercise any control over me in my duties.

Question. Has Mr. Bailey stated in your presence that if the President removed you from your position, Mr. Chase would resign his position as Secretary of the Treasury?

Answer. I do not think he has.

By the chairman :

Question. Have you any knowledge of seizures being made of stores, books, papers, &c., where there was no probable ground of suspicion, and where any person or persons suggesting or instigating the seizure have said, "Seize them; let them shell out; make them come down; they live in marble rows," &c.?

Answer. I have no knowledge of seizures being made or stores being entered and taken possession of by revenue officers without probable cause or grounds for suspicion that the revenue laws had been violated by the occupants of said stores; nor have I any knowledge of any books or papers of merchants having been seized without reason for suspecting that such books and papers contained evidences of fraud practiced upon the revenue. I have heard expressions similar to those mentioned in the question in reference to importers suspected of frauds upon the revenue. There may have been proceedings of the character referred to in the question, and remarks of the character referred to, without probable grounds of suspicion or justification, but I cannot say that I know it to be the case.

Question. Have you ever heard of any such seizures—I mean the seizures of the store, books, and papers of merchants?

Answer. I have heard of such proceedings; the revenue officers may sometimes have acted in such matters upon incorrect information, but there is no case of the kind which occurs to me now within my knowledge or recollection. I have, however, had apprehensions that mistakes and indiscretions of this character might occur.

SATURDAY, March 8, 1864.

Examination of Mr. Barney resumed.

By the chairman :

Question. The committee have already asked you with reference to your official receipts, directly and indirectly, and you have submitted to them the exhibits of such receipts. I will now ask you one further question. Have you a partnership with a legal firm in this city?

Answer. I have.

Question. Who are the partners with you?

Answer. William Allen Butler and George W. Parsons. The firm is Barney, Butler & Parsons.

Question. Do you share in the proceeds and profits of that firm?

Answer. I have an arrangement by which I remain as a partner, to go back when I please. I perform no duties there.

Question. Has that firm been employed as counsel by the government?

Answer. Not to my knowledge, except that they were employed as counsel for the government in a suit which arose, I think, in Mr. Curtis's time.

Question. That was before you were appointed collector?

Answer. Yes, sir; I think about fifteen years ago.

Question. They have been employed in no new cases, to your knowledge?

Answer. No, sir.

Question. Has that firm been employed by yourself or any government official in the supervision, sale, or disposition of any cotton of the government, or forfeited, condemned, or damaged property sold on government account here?

Answer. They have not, to my knowledge.

Question. To your knowledge, have they been employed in any transaction, professional or extra professional, by which they have charged or become entitled to a commission from the government?

Answer. They have not.

Question. Have they had anything to do, to your knowledge, in any shape with the disposition of cotton in this way on government account?

Answer. They have not.

Question. Have you yourself?

Answer. I have not.

Question. By which you are entitled to a commission?

Answer. No, sir; I am entitled to commissions, I believe, by law, but do not intend to claim them unless it shall be necessary for my protection against losses.

Question. Do you say you never had any such claim, and do not intend to make any such claim?

Answer. I do not intend to make any such claim except to protect myself and sureties from personal responsibility and loss.

Question. Is there any arrangement or understanding by you with any person or persons who have bought government effects, or sold government effects, or where effects have been sold on government account, by which you have participated directly or indirectly, or expect to participate directly or indirectly, in any commissions or profits?

Answer. No, sir; neither myself nor any person through me.

Question. I want to ask you, what is the official relation subsisting between you and the naval officer?

Answer. It is that of chiefs of co-ordinate departments.

Question. But who is the responsible head?

Answer. The collector is the head of the custom-house. The theory of the naval office is, that it is to operate as a check upon the acts of the collector.

Question. In the operation of it is it really any check? I mean in the entry of goods.

Answer. That would be a matter of opinion.

Question. In directing and in refusing clearances to vessels, in making seizures of them, and in making seizures of stores, books, and papers on land, who is the responsible person or persons? Does the direction emanate from the naval officer or the collector, or from their combined wisdom?

Answer. The collector has the legal and moral responsibility of those acts, but as he cannot perform them in person, he is obliged to delegate their performance to others.

Question. Who performs them practically in the New York custom-house?

Answer. The tariff of 1861, called the Morrill tariff, went into operation on the 1st of April. On the 8th I entered upon the duties of the collectorship. On the 15th the rebellion had commenced. Congress at the extra session in 1861 passed various acts to meet the exigencies of the times, which required vigilance and official action on my part. The duties of the collector, which are in ordinary times considered sufficient to occupy his time and thought, were by this new state of things enormously increased.

It became necessary that the business of the custom-house should be so organized as to make the chiefs of the various divisions responsible for the proper conduct of that portion which should be assigned to their charge respectively. Upon them was devolved the duty of deciding all questions arising in the transaction of business in their several departments, and of reporting daily to me any matter or incident of importance in their proceedings. Printed regulations were posted about the custom-house, and persons doing business there were thus informed that they might appeal to the collector for the correction of any error or the redress of any grievance. This disposal of the business I assumed would bring to my attention everything important for me to know, and give me time to attend to such things; and I also assumed that the business was in competent hands and was going on properly, unless I heard something to the contrary. To Mr. Deputy Stanton I assigned all questions of law, and the charge of all claims for and against the government. Embraced in these were the claims for fines, penalties, and forfeitures; and his special attention was required to frauds

on the revenue and evasions of the revenue laws, and to the execution of the laws of 1861 providing for the forfeiture of ships and other property of rebels found in this collection district. Mr. Denison, the naval officer, soon after he assumed the duties of his office, suggested that he had the requisite time to attend to cases of seizure, and desired to have charge of that business. I consented that he should have the direction of it in connexion with Mr. Stanton, who should aid him in the preliminary investigations, and report for my official action. Mr. Denison impressed me with the idea that he (D.) was severe in his judgment of the conduct and motives of importers, and too anxious to make money out of their alleged delinquencies in custom-house transactions, and I was afraid of being compromised. I therefore cautioned Mr. Stanton not to forget that I was morally and pecuniarily responsible for whatever action should be taken; that while everything proper and possible should be done to prevent and punish frauds upon the revenue, all unnecessary severity and all oppression must be avoided; and that no suits should be advised or brought when the right was not so clearly with the government that success was well assured.

Under this arrangement the investigations and proceedings connected with seizures and forfeitures were conducted, and the adjustments of cases not contested were made. My official action was based upon the investigations and conclusions reported to me by these officers. I am not aware of any cases of seizures in the early period of my administration which were presented or adjusted, except upon such report and upon the recommendation of the officers named, or one of them. In cases where they concurred in recommending a seizure, I sanctioned it, unless facts appeared which led me to doubt whether sufficient cause existed. When this was the case no seizure was made; but such case, if deemed of sufficient consequence, was submitted to the Solicitor of the Treasury for advice.

In May, 1863, Mr. Hanscom, in whose ability and integrity I had and still have great confidence, was appointed deputy collector, and I directed him to represent me in seizure cases, and all other claims in favor of the government. In assigning him to this duty I gave him directions to be careful that no seizures be prosecuted that ought not to be made. I reminded him that I was responsible for such seizures, and that the impression existed that improper and oppressive proceedings had been taken by the custom-house authorities; that I depended upon him to look into the existing cases, as well as those which might thereafter arise, and see that no doubtful claim was prosecuted or made—that no injustice or oppression be practiced; that I was particularly anxious to be protected against all just causes of complaint in this part of the business, because in its results I was pecuniarily interested, and my motives were liable to be questioned.

The immediate action of Mr. Hanscom in recommending the abandonment of several seizures already made gave me the assurance that my wishes would be executed, and I have no reason to doubt that they have been.

Question. I infer from the answer you have just given that in cases of seizures contemplated, Mr. Denison and Mr. Hanscom sometimes act without consultation with you?

Answer. Yes, sir.

Question. But that they ultimately come before you?

Answer. Not always; I do not pass upon cases now as frequently as I did in the early part of my administration.

Question. What is the information upon which these seizures are made, when vessels are detained in the harbor and stores taken possession of in bond?

Answer. Generally upon information furnished by the inspectors.

Question. How was it with the Corsica?

Answer. I do not recollect that she was seized. Vessels coming into port

may be seized for violations of the revenue laws, or if owned altogether or in part at the south.

Question. From what source do you say you derive your information upon which you make seizures?

Answer. It is derived from various sources, but generally from the inspectors, who have in charge the boarding of the ship, the examination of the passengers, and the discharge of the ship's cargo. We also derive information from the examination of invoices and entries of goods. Under this state of things growing out of the war, we have seized vessels for taking an outward cargo, when it was done in violation of the law.

Question. It is reported or alleged that the custom-house makes seizures upon mere suspicion, sometimes upon very slight suspicions, and it is reported that the motive is not so much a vindication of the law as the divisible interest to be reached by these seizures. I want to direct your attention to that, and ask whether the committee or the country have reason to suppose that there is any foundation for such suspicions?

Answer. The law, in giving to the revenue officers an interest in the seizures which they may make and successfully prosecute, assumes that that interest in the result is a proper motive, and is an additional and proper inducement to them to be vigilant in the performance of a duty so enjoined upon them; and the government is not only interested in the pecuniary results of any particular seizure, in an amount equal to that of the revenue officers, but each case of successful seizure prevents a great many attempts to evade the revenue laws. There is no doubt danger in the fact that officers interested in the results of a seizure, and having power to make it, may use that power for the purpose of extortion and practicing upon the fears of exposure, interruption of business, and of the suspicion which will attach to the character of those whose property may be seized, to induce such parties to acknowledge a claim which they would not otherwise admit, and which they would contest if none of these damaging consequences followed the proceeding. Suspicious of some practice of this kind during my own administration have been expressed to me, and I have not been without my apprehensions that there might be cause for those suspicions. However, no case of that kind has occurred to my knowledge. All the cases that have come to my knowledge have been presented with such statements of facts as in my judgment justified the proceeding which I authorized or sanctioned.

By Mr. Le Blond:

Question. I want to know whether, in the commencement of these seizures, you were ever consulted, and the facts connected with the seizure made known to you, before the action was commenced. I include in my question the past as well as the present—the whole period since you have been in the custom-house. In what cases have you been consulted?

Answer. As I have before stated, the business of the office is so large, and the duties are so numerous, that I find it impossible to do more than attend to the decision of such doubtful questions as arise in the several divisions, and which are brought to me for consideration by the heads of these divisions, or by those who, doing business with the customs officers, appeal to me from their decisions or action. That is the case at the present time, and has been for some time in respect to this department of seizures. I assume, where the cases are clear, and there is no need of consultation with me for the guidance or direction of officers, that they go on as they would in any other business. I will remark that when any person has a complaint that the seizure is an improper one, I always encourage the presentation of that complaint, that I may examine the case.

Question. Has there been a single case where complaints have been made, and you have made the examination that convinced you that the seizure was an improper one?

Answer. There have been some cases where the seizure was not supported by sufficient evidence.

Question. In any of these cases did the party or the owners of the property compromise with the government ?

Answer. Not to my knowledge or belief.

Question. Was there in either of these cases a dismissal without the court decreeing that there was probable cause ?

Answer. There was one.

Question. What case was that ?

Answer. The Luline sugar case.

Question. When that case was commenced, was it without your knowledge or consent ?

Answer. It was with my knowledge. I believed the case was a proper one—that the facts justified the seizure—and I still believe it.

Question. What was the ground of seizure in the case of Butler & Pitkin ?

Answer. I do not know that my information about the facts involved in that case is very perfect or complete, but, according to the best of my recollection, so far as I am acquainted with the facts, the grounds of the seizure were these : Butler & Pitkin had been in the practice of omitting for a long time some charges and expenses of importation on their goods. One such case of importation was discovered upon which these facts appeared. I depend upon my recollection of the statements made to me at the time in the case. This was considered a type of the way in which they did their business of importation, and the discovery of this fact involved an examination of their books for the purpose of recovering the penalties provided for all such cases. I believe the matter was settled, they paying the appraised value of the goods.

Question. I wish to ask whether this was not the point in controversy between the government and the firms of Butler & Pitkin, Middleton & Co., Calhoun and Wm. H. Lyon & Co. : that they bought goods in France and in England upon which they paid five per cent. commission, and that, in their report to the custom-house, they reported but three per cent., leaving two per cent. upon which they would escape paying duties ; and I wish to ask, further, whether it was not brought to the knowledge of the custom-house officers that it was a mere mistake of the law upon their part which caused them to do it, they supposing that the government was only entitled to duty upon three per cent., or whatever amount fixed by law or by the regulations of the custom-house ?

Answer. I have no recollection of any case but that of Butler & Pitkin. In that case, as the facts were stated to me, this omission of a portion of the commissions was a systematic thing in violation of the law. Whether they intended to defraud, or whether they intended to take the responsibility of construing the law for themselves, I cannot say ; but in either case it appeared that the revenue laws had been evaded and ought to be vindicated ; that the practice, which I was led to believe prevailed very generally, in small amounts, it is true, but amounting in the aggregate to a very large sum, should be suppressed ; and that, whenever we found a case where we could prove the facts, we should make an example, that others might be deterred from similar practices. At the same time, it seems that nothing was done in this particular case but to apply the law. In view of these considerations, the proceeding was no act of injustice to these parties. I understood that they were told that they had a right to contest this seizure ; that if they did not choose to do that, they might acknowledge the forfeiture, and then appeal to the Secretary of the Treasury for the remission of the forfeiture, or they might pay the appraised value of the goods invoiced.

Question. I will ask you whether you receive a part of the income of your law firm ?

Answer. I will say that nominally I do, but I give as much as I receive; I keep my place.

Question. I will ask you, further, whether your law partners receive any part or parcel of your salary, or the perquisites of your office?

Answer. They do not; but I give them a sum that answers their purposes to retain me in the firm and they not lose anything. They have nothing to do with my accounts.

Question. An annual sum do you wish to be understood, or a sum in the aggregate?

Answer. It depends somewhat upon my receipts.

Question. I confess that the answer which you give me seems to require that I should ask you a still further question, and if it turns out to be a purely personal matter or arrangement in which the receipts of the custom-house do not constitute a part of the business, why it shall be stricken out. About what amount do you annually pay to your co-partners?

Answer. I am unable to answer that question without reference to my books and memoranda.

Question. How much money do you receive from the firm of Barney, Butler & Parsons annually, and how much do you pay said firm out of the emoluments of your office?

(To this question Mr. Barney demurred answering, claiming it to be foreign to the purposes of the committee's investigation, and a needless inquiry into his private affairs.)

(Thereupon Mr. Le Blond stated that he was informed that the firm of Barney, Butler & Parsons had taken fees in cases against the government growing out of seizures made by the custom-house authorities, and, further, that said firm had an interest in what is known as the labor contract connected with the custom-house, and declared, if these things were so, his question was pertinent, and ought, as connected with public interests, to be answered.)

(There being but two members of the committee present, and they differing as to the priority of time in which the questions should be put and answers required, the further examination of Mr. Barney was deferred, and the committee adjourned.)

Evidence of George W. Embree.

WASHINGTON, *January 22, 1864.*

George W. Embree, a witness, was sworn and examined as follows:

By the chairman:

Question. Are you connected with the New York custom-house?

Answer. Yes, sir; I have been deputy collector from about the month of May, 1861, in the foreign and coastwise bureau.

Question. State to the committee what is the routine of business in your division, as it comes under your particular supervision.

Answer. The name of my bureau indicates, of course, the leading business of my division; since the commencement of the rebellion, however, there has been another feature in the business of the bureau, that is, in reference to the internal intercourse, as well as foreign and coastwise; I mean shipments from New York to the west.

Question. Outside of the rebellion?

Answer. Yes, sir; outside and inside. The business of my bureau is the examination of the manifests of all vessels entering and all vessels clearing. More particularly since the rebellion commenced, the examination has been of a very critical character, discriminating between what is contraband and what

is not, and in ascertaining what is suspicious in the character of the shipments and the character of the parties shipping.

Question. State what is your rule in determining what is contraband—your general knowledge, and your special instructions.

Answer. Our special instructions have not at all times covered such goods as we considered of suspicious character. We being on the spot, in New York, and knowing the parties shipping, many things would be suspicious to us which the department has never given us any instructions in reference to. The character of the parties shipping has been a criterion from which we formed a judgment as to the suspiciousness of a cargo.

Question. State in detail the process of receiving manifests and of clearing vessels.

Answer. Before the rebellion commenced it was simply necessary, under the law, in foreign shipments, for the shipper to come up to my desk and make oath to his particular shipment, which is called a shipper's manifest. That manifest contains *in extenso* all the different articles he proposes to ship on board the ship, specifying them to Liverpool or other foreign port. That shipper's manifest is put on file with the chief clerk of my bureau. When this vessel comes up to clear, this shipper's manifest is compared with what is called the ship's manifest or clearances, which contains in detail, as well as the aggregate, all the shipper's clearances. If found to agree, the vessel is entitled to her clearance. The captain comes up and makes oath that the goods manifested on his clearances contain a just, accurate, and true account of all the goods in his vessel, and upon that he gets a clearance.

Question. What evidence have you of determining that there is no collusion between the shipper and the captain?

Answer. Previous to the breaking out of the rebellion we exercised no supervision over the shipments made. We allowed the shipper to send the goods down to the vessel, to put them on board, and when the time came we compared his manifests with the general clearance, and if right, we allowed the vessel to go. Since the rebellion, every vessel coming into the port of New York, or leaving it, is subject to suspicion. We have officers created under the instructions of the Secretary of the Treasury, special aids, whose duty it is to keep every vessel coming into the port, and every vessel arriving and clearing under their supervision until it is cleared.

Question. Is that in reference to coastwise or foreign trade?

Answer. It covers the whole port, and includes internal clearances to the west, as well as otherwise. Every package or invoice of goods was formerly checked by me personally; but since the special aids have learned their duties nothing but goods of a suspicious character come to my desk—suspicious either from the character of the goods or the character of the shipper. If the goods are directly contraband, of course no shipment is permitted, and the thing is cut off at the time the shipper asks a clearance for his goods. If they are deemed to be of a suspicious character, an examination is made by me of the party shipping, his antecedents, associations, &c. If the character of the testimony is such as to lead me to suppose the goods are to be used directly or indirectly for aid of the rebellion, I forbid the shipment; if not, I write over the face of the shipper's manifest or his invoice, perhaps before he has made out his manifest, that he may ship on giving bonds. That goes into the bond-room, the proper bond is given, and is returned to me checked with two checks—one is that the bond is taken, and the second that the bond is registered. Upon that the goods are allowed a clearance. It would be impossible for me to get all the information needed from the face of the manifest, and in order to be satisfied of the character of the shipment I require a report every day from the surveyor.

Question. Please indicate generally and briefly the duties of the surveyor in connexion with clearances of vessels.

Answer. The duty of the surveyor consists, in the main, in visiting every vessel that enters the port of New York, examining the manifests, to check, to place an officer on board all foreign vessels, to deliver officers' luggage and freight, and to keep a general supervision of vessels until they are discharged. Besides that, his duties are those in more immediate connexion with my office—a general supervision of every vessel in the port of New York, to see what she is loading with, or what she is discharging. Sometimes vessels are not entered. Coast-wise vessels, having no foreign cargo on board, are not obliged to enter. Still, those custom-house officers go on board and report what they are taking on board and what they are discharging. Every day a list of these ships and cargoes, &c., is laid before me; for instance, "ship York; came from North river; loading general cargo, amongst which are a large amount of drugs, a large amount of cotton cards, &c.," or liquors, or anything which happens to strike the attention of the officers, and which would form an exception to the general cargoes of such vessels clearing from the port. The ports which are deemed suspicious by us, of course, become an object of our special care. These ports would be, in the first place, Matamoras and Vera Cruz, on the borders of Mexico. More especially, Matamoras became early the object of our care, and it was in reference to that place we first took our bonds on shipments. Then came the West Indies, more especially those lying on our seaboard; then Nassau and its outports, of which there are some six or seven small ports. Then came the Bermudas; and lastly, the British provinces. We have demanded bonds, not under instructions of the department, for they have not given instructions in reference to these bonds on foreign shipments. Those instructions apply more particularly to the coast-wise ports—those opened by the proclamation of the President—New Orleans, Beaufort, Port Royal, and Key West. In reference to all the ports I have indicated we have demanded bonds. As we would find goods going to those different ports in greater or less quantities, so we were more or less stringent in reference to the bonds we demanded. The system of bonding was arranged generally between the collector and myself. I always consulted with him when any new necessity arose, and he would indicate the line of policy in reference to these clearances.

Question. The committee would like to know what the circumstances were which attracted the attention of the authorities at the custom-house that improper shipments were made.

Answer. The first intimation we had of anything of that sort came from the fact that certain blockade-runners were found to have goods on board which were originally cleared at some one of our ports—Philadelphia, Boston, Baltimore, or New York. Then letters from our consuls abroad, especially in reference to Matamoras, Havana, Nassau, Bermuda, and St. John, gave us information that goods cleared from our ports were subsequently transhipped into the Confederate States.

Question. At what time were the custom-house officers at New York put upon the alert, and then what discoveries were made in reference to these improper shipments?

Answer. It would be impossible to indicate any particular time. As the emergencies arose we became more suspicious, but I should say that eighteen or twenty months since we were more particularly first attracted by this matter.

Question. That was when Mr. Stanton was in office?

Answer. Mr. Stanton was in the bond desk at the time. If you refer to any irregularity in that bureau, those occurred much later.

Question. My question was general as to the time when any of the attachés of the custom-house were apprised that there were suspicious circumstances in reference to improper shipments so as to put them upon their guard.

Answer. Eighteen or twenty months since we began to carry this bond system into vigorous execution, in reference to suspicious vessels.

Question. After that you were more particular in reference to the character of the shippers and of the obligors and sureties upon the bonds?

Answer. Yes, sir. When the developments in reference to the bond-room were made, it was found that the character of the bonds differed from such as Collector Barney requested Mr. Stanton to take. I think that discovery was made after the difficulty with Mr. Stanton first occurred.

Question. State what the bonds ought to have required, according to the instructions of the collector.

Answer. The bond required by the collector in order to entitle it to be cancelled was to provide that the goods should be consumed at the point of destination, and not be transhipped elsewhere in order to aid and comfort the enemy. The character of the bond taken was little more than a running certificate.

Question. Was it discretionary with Mr. Stanton, or whoever had charge of that matter, to accept such bond as he thought proper?

Answer. Yes, sir; except that the instructions of the collector and of the department were, that the bonds should be of a satisfactory character.

Question. Was Mr. Stanton to judge of what was satisfactory, or did the collector give instructions as to what kind of bonds would be satisfactory?

Answer. I cannot say what the specific instructions to Mr. Stanton were. I always supposed they were substantially correct, otherwise I should have moved in the matter. Indeed, I did say to the assistant collector, on one or two occasions, that I thought the bonds were not made as strict as they ought to be. I speak in reference to these matters so far only as my own knowledge extends. I do not know what passed between the collector and Mr. Stanton. I know, from incidental conversations between the collector and myself, that he supposed that everything was going on properly in the bond-room. It would be impossible for the collector to exercise personal supervision over the different bureaux.

Question. The bonds really taken only required that the goods should be landed at the port for which the vessel cleared?

Answer. Yes, sir. The matter of cancellation did not come under my charge at all, and the most I knew about that is mere matter of hearsay; but some of the certificates of cancellation would occasionally be brought to my desk, and upon the certificate the bond would be cancelled by me. I have seen some cancellations of a very satisfactory character, as, for example, where the consul certified to the landing of the goods, and to their having been disposed of to parties not in sympathy with the rebellion; or, if to American citizens, to those who were loyal. But those cases were exceptions. I think Mr. Barney was egregiously deceived, and was much disappointed when he found out that the bonds were not of the satisfactory character he had indicated to Mr. Stanton.

Question. When was it discovered that these bonds were not of the character they should have been?

Answer. Within a few months past.

Question. You knew nothing of it until after this difficulty with Stanton?

Answer. Nothing; that developed the whole irregularity of that bureau.

By Mr. Broomall:

Question. In giving the details of your bureau you spoke of taking bonds and registering them. Was that registering done by the same officer?

Answer. No, sir; the checking of the bond was made by the deputy collector; but the registry was made by the chief clerk. It is proper, however, that I should qualify that. That plan was adopted after suspicions were entertained in reference to the bond-room. Previous to that we had simply a check that the bond had been taken. That was satisfactory evidence to me that the matter was right. It was enough for me to know that the bond had been properly taken. The registering was a matter which belonged to the office itself.

Question. Was this bond executed by the parties alone, or by the shipper alone?

Answer. By two sureties.

Question. By whom was the surety approved?

Answer. By the deputy collector.

Question. What deputy?

Answer. By Mr. Stanton, while he had charge of it, and always by the deputy having charge of that matter. In the absence of the deputy, sometimes it was done by the chief clerk. Mr. Waddell was the chief clerk there.

Question. Do you know upon what evidence the sureties were approved?

Answer. Upon quite loose evidence, I should think, at one time, as late developments prove. Now they are more particular.

By Mr. Rollins:

Question. What is the rule of the department in reference to it?

Answer. No specific rule has ever been laid down to us with reference to taking these bonds, beyond the fact that they should be satisfactory to the collector.

Question. In what amount is the bond given?

Answer. In double the amount of the shipment.

By Mr. Broomall:

Question. If I understand you, then, the goodness of the bond depends upon the decision of a single officer in respect to the sureties and the parties signing it, and that no other officer oversees it?

Answer. Yes, sir, up to the time of the difficulty that was the case. Collector Barney has instituted a new system now. The present system is such as to make it almost impossible to have the bonds other than satisfactory. For example, I think Mr. Barney obliges the deputy collector in charge of that room to make out a digest of the bonds taken each day, and of the parties and sureties. That is submitted to the assistant collector, and subsequently it becomes a matter of file in the collector's office.

By Mr. Le Blond:

Question. You have a variety of persons upon those bonds as sureties. What means does the department resort to to ascertain the solvency of the parties going upon the bonds?

Answer. It would be almost impossible for me to say what course is pursued by the deputy collector.

By the chairman:

Question. Have you a fixed salary?

Answer. Yes, sir.

Question. Have you any other compensation, in any shape whatever, in connexion with the custom-house, except your salary?

Answer. None at all, except in common with all my brother officers, who occasionally find mysterious packages at their houses. This is not a matter of frequent occurrence.

Question. I will read to you the resolution of the House of Representatives, referring this subject to this committee: "*Resolved*, That the charges recently made of official misconduct in the New York custom-house, in regard to alleged shipments of contraband goods and supplies, and all matters of alleged misconduct in the management of the affairs of the custom-house at New York, be referred to the Committee on Public Expenditures." Having heard the reso-

lution read, I ask you whether you have any other knowledge of facts, touching the subject-matter of that resolution, which you can communicate to this committee?

Answer. In reference to what I suppose you consider the most important matter—that is, the bonds—I cannot give you any more information.

Question. Had you anything to do with the examination of those bonds after the trouble with Stanton occurred?

Answer. No, sir. I can only say this in reference to the bonds: We have carried out lately a pretty rigorous system, as you must be aware. We have frequently demanded bonds which have been made subjects of appeal first to the collector from me, and subsequently to the department at Washington; and I think the department in two or three instances have allowed goods to go which we had peremptorily refused a shipment of.

Question. You stated some time since, that from your own general knowledge, and the instructions of the department, you knew what were contraband or suspicious goods. I wish to inquire whether the shipment of that character or class of goods to suspected ports—Halifax, Nassau, &c.—is increasing or diminishing, and whether it is still attempted to be carried on from New York?

Answer. I think in each case the shipments have lessened, and that to the port of Nassau has dwindled down to the mere ordinary shipment of personal matters and small merchandise, to be disposed of at Nassau or its outports, of which there are five or six in the Bahamas, most of which depend upon Nassau for supplies.

Question. You, in fact, by your rigor, have destroyed all illegitimate or contraband trade?

Answer. Yes, sir.

Evidence of Wm. C. H. Waddell.

WASHINGTON, January 28, 1864.

Wm. C. H. Waddell, a witness, was sworn and examined as follows:

By the chairman:

Question. Are you connected with the New York custom-house?

Answer. I am.

Question. In what capacity?

Answer. As chief clerk of the ninth bureau.

Question. Is that the bond division?

Answer. The taking of bonds is in that division altogether.

Question. How long have you been there?

Answer. The division was organized two or two and a half years ago. I was previous to that in the custom-house, but that division was not organized then as a division by that name. It was organized on the coming in of Mr. Stanton, and I was then nominated chief clerk.

Question. State briefly the routine of business in that division, pertaining particularly to the taking of the bonds spoken of.

Answer. Mr. H. B. Stanton, deputy of the ninth division, had, at the time of the organization of the division, the charge of all seizures under the revenue laws—all cases *in rem*. He also took the bonds in the cases referred to under the recent acts of Congress, for intercourse with the open ports of the Confederate States, of goods which it was supposed might go to aid the rebellion. Those two duties were imposed upon that division.

Question. What was the salary of Mr. Stanton?

Answer. I think it was \$2,500.

Question. What proportion of the seizures, if any, did he have?

Answer. None whatever, that I know of.

Question. Were those bonds made out in your division by yourself?

Answer. No, sir.

Question. Who made them out?

Answer. Mr. Stanton took special charge of all matters relating to bonds, and wished me to give my attention more especially to matters relating to seizures.

By Mr. Rollins :

Question. When you commenced the business of taking bonds according to the act of Congress, did Mr. Stanton then so divide the business of his department as to give you charge of the matters relating to seizures, and to retain to himself all matters relating to bonds?

Answer. He did.

By the chairman :

Question. Did Mr. Stanton prescribe the form of the bond?

Answer. I know that a form of a bond had been submitted to the department, and was approved by them. The form of the bonds taken for Nassau, Matamoras, &c., did get the approbation of the department subsequently. Mr. Stanton took this matter specially in his charge. There were two clerks besides myself in the division—J. Cady Stanton, son of H. B. Stanton, and Mr. Stott. These clerks were engaged in the clerical matters relating to the bonds, such as filling them up, &c. Mr. H. B. Stanton took upon himself the actual taking of the bonds, the approval of the sureties, and all matters except the mere filling them up by those clerks. I was excluded from that portion of the business.

By Mr. Broomall :

Question. Was there anything in the management of that department while Mr. Stanton was there which attracted your attention at any time as secretive or remarkable?

Answer. The only thing which struck me as remarkable was that, as chief clerk of that division, I was excluded from all business pertaining to that matter. It first struck me so, but my self-respect soon laid that aside.

Question. Was there anything peculiar in the way in which the business was carried on which you observed?

Answer. In the present new custom-house we had two attached rooms assigned to that division. The taking of bonds had been begun before that time, and while we were in the old custom-house. In the old custom-house there were two rooms at that time; one quite small, and the other was of some size. In the small room was A. M. Palmer, who had the business imposed upon him which particularly relates to appointments—business which he had had long before, and which he retained. When Mr. Stanton took his place as deputy of the ninth division, the rooms he selected to locate himself in were the two rooms which Palmer had the use of, in what I might call the appointment bureau. I was then detached to what is called the seizure bureau, under H. Cargill, deputy collector, and Geo. D. Bayard, who was in the same position under the former administration of Schell that Palmer occupied under the present administration of Barney. That was called the seizure bureau. It was located in the basement story of the present sub-treasury building. When Mr. Stanton came in he selected his place in the second story of the same building, in a room that Palmer occupied, saying that he did not like the basement. The bureau was then partially divided for the time, I remaining below, and Mr. Stanton in the second story, in the room occupied by Palmer. He said after a while that it was inconvenient to be separated in that way, and said I could be very well accommodated up there, and wished I would come up. I preferred the basement, but, as it was a matter of no consequence, I said I would come up. He said I could have a place where I desired. I said I would prefer the large

room, which was really the ante-room to the small room, in which applicants for office thronged in considerable numbers. But still, the small room was so very small, that I preferred to be in the other room. Mr. Stanton had his desk in the small room with Mr. Palmer. The small room was not more than eight or ten feet square. Then on the other side of this small room, other than that which led into the ante-room, was a door which led out into the large gallery of the rotundo; that is, there was an access to the small room without coming through the large room. Mr. Stanton's son, by Mr. Stanton's direction, had a desk placed on that gallery alongside of the door which led from the small room on to the gallery.

Question. What was the official relation of young Stanton to his father?

Answer. He held a clerkship in the custom-house under his father. I think his pay was attached to some other branch of the department, but his duties were in that room. The bonds, therefore, were attended to by J. Cady Stanton, the son, and by Mr. Stanton and Mr. Palmer—sometimes by Mr. Palmer, though Mr. Palmer's duties were of another class altogether. I moved up-stairs and took my seat at a desk in this other room.

After we moved up to the other building, the present custom-house, we had two rooms given us on Wall street, on the same floor the collector was on; both of them had doors on to the gallery. Mr. Palmer had a desk in the room with Mr. Stanton; those two were in one room. Mr. Stanton appropriated the east room to myself and to J. Cady Stanton. There were glass folding-doors between the two rooms. Mr. Stanton and Mr. Palmer occupied the west room. The doors which led from their room on to the galleries were entirely closed, and the whole entry to that room was through the east room. I said that would make that room the entry room, and it would be crowded all through. He said it would be more convenient to have it so, and that it would not answer at all to have the crowd through his room. It was accordingly so arranged, and an iron railing was ordered to be put through the middle of the room I occupied, in order to prevent outside pressure against my desk, and a jog was made in the railing, so as to allow it to answer as an ante-room to the west room occupied by Mr. Stanton and Mr. Palmer. This particularity of statement is needful to show how little opportunity I had to know anything about the business of that room.

This arrangement of the rooms, Palmer said, was necessary on account of the great crowd which was waiting upon him in reference to the matters he had in charge. Mr. Stanton said that would be lessened in a short time; that in a short time that crowd would be lessened, and the inconvenience would of course be equally lessened. At that time the matters relating to seizures were more particularly placed under my care, occasionally, of course, referring to Mr. Stanton, as head of the division. The matter of bonds was attended to solely by Mr. Stanton. At one time, when Mr. Stanton went away from the city, he told me that Mr. Smalley would take the acknowledgment of bonds while he was absent, as he was a notary.

Question. Was Mr. Smalley attached to that division?

Answer. No, sir.

Question. What was Smalley at that time?

Answer. I understood that he was attached to the custom-house, but I do not know in what way; he was very intimate with Mr. Palmer.

Question. Was Palmer a notary public too?

Answer. Yes, sir.

Question. Have you any explanation to give why Stanton specified Mr. Smalley?

Answer. No, sir.

By Mr. Broomall :

Question. During his absence the business was not put in your hands, as it ought to have been ?

Answer. No, sir ; not at all.

Question. Was anything said about it at all ?

Answer. No, sir.

Question. You did not think it was remarkable ?

Answer. Yes, sir ; I thought it was remarkable that I, being next in official position, should not act when he was absent. I must say I did not think at the time there was anything wrong going on. It struck me at the time as peculiar that Stanton should not repose the business in me, as his chief clerk, during his absence.

By the chairman :

Question. Do you know whether Smalley was directed to give a detailed report to Mr. Palmer, as the debenture clerk ?

Answer. I do not know anything about it.

Question. When did this change from the old building to the new one take place ?

Answer. In December, 1862.

Question. Do you know of any fee, or perquisite, or charge for the making out of these bonds ?

Answer. I never heard of any such thing until I saw it in the papers.

Question. After Mr. Stanton left the office, who took charge of it ?

Answer. On his being suspected or suspended, or whatever was the case, the collector directed Hanscom, the deputy of the tenth division, to take charge of the ninth division, and to examine into its then present status.

Question. Did you have anything to do with that examination ?

Answer. Nothing whatever.

Question. Have you any further knowledge pertaining to the execution of these bonds which you can give to the committee ?

Answer. When Mr. Hanscom came in and took charge of the ninth division—the tenth division having been organized out of the ninth—he took the matters relating to seizures out of the ninth division, except seizures under the act of July 13, 1861, which, under the construction of the collector's order, remained in the ninth division. Mr. Stanton then said to me I should still keep charge of the seizures there, and from that time my business was very light, as all foreign business was taken off, and I had only the business under the act of 1861.

On the organization of the ninth division under Mr. Hanscom, Mr. Palmer was made chief clerk of the tenth division, but he still retained the duties which had formerly been imposed on him in reference to the matter of appointments. Mr. Palmer told me he did not attend to the special duties of the tenth division. He was so much occupied with other matters which he had on hand, that he was unable to give it that attention which it required.

Mr. Hanscom, assuming charge of the ninth division, said that its duties, and an examination of the condition of that division, would throw a very large amount of labor on him for a time ; that he did not see how he could give attention to the current taking of bonds in connexion with the other duties of the ninth and tenth divisions, and said he wished I would take charge of the matter of bonds, and carry it currently on, while he was attending to the examination of the prior acts of the ninth division, and the matter of seizures, which he legitimately had under his charge as head of the tenth division.

I then took charge of the taking of bonds, and I immediately adopted a course which I had frequently suggested to Mr. Stanton should be done ; that we should take from parties who were sureties upon a bond, an affidavit of their sufficiency. That was taken in some comparatively few instances by Mr.

Stanton; but he said he would examine them orally, which would answer the same purpose. It struck me it would be better to have the examination attached to the bond. Therefore the parties were sworn before a notary public outside as to their sufficiency—that is, that they were worth the amount of the bond, over and above all debts and liabilities; and, further, if a party was possessed of real estate, he was to state where it was situated, what it was worth over all incumbrances; and the affidavits were attached to the bonds. That is still continued, of course; and in addition to that the collector has recently determined—and that is now the rule—that on all bonds of goods shipped to the British provinces and Matamoras, the sureties are required to be worth each the amount of the bond over and above their liabilities, and also to possess real estate within the southern district of New York.

By Mr. Rollins :

Question. Do you know anything in relation to the abstraction of bonds, or of the receiving offers of money for the improper execution of bonds?

Answer. I know nothing of the abstraction of bonds; and nothing of money being received, except by Stanton, Smailey, and Palmer as notaries public.

By Mr. Le Blond :

Question. Who appoints the heads of these divisions in the collector's office, and the subordinate clerks in the several bureaux thereof?

Answer. The collector himself, Mr. Barney. Recently the collector has appointed Mr. Cornelius Runkle as deputy of the ninth division, and directed that the bonds be taken in the ninth division, and that daily the bonds should be handed over to Mr. Hanscom, deputy of the tenth division, who is to make a daily report thereof to the collector.

Question. When Mr. H. B. Stanton was engaged in the taking of bonds in the room which he occupied—on his leaving that room temporarily for lunch or otherwise, did you have charge of his room and papers?

Answer. No. He generally expressed his wishes and directions that his papers should be left untouched till he returned, and should not be interfered with; and his directions were always thus complied with.

Evidence of Albert Hanscom.

WASHINGTON, February 2, 1864.

Albert Hanscom, a witness, sworn and examined as follows:

By the chairman :

Question. Are you connected with the New York custom-house?

Answer. Yes, sir; as deputy collector.

Question. How long have you been so connected?

Answer. Since last May.

Question. What bureau or department have you had charge of?

Answer. The seizure bureau, technically so called. That bureau takes cognizance of all violations of the revenue laws, and the prosecutions of all suits brought by the United States against parties. My division was known as No. 10.

Question. Had you charge of the bond department?

Answer. I had charge of that department from the 28th of October last until the 31st of December.

Question. What were the duties devolving upon you previous to that?

Answer. I had charge of all matters pertaining to a violation of the revenue laws, and all seizures of merchandise for violation of those laws, and all prosecutions for fines, penalties, and forfeitures. After Mr. Stanton was suspended,

I was temporarily in charge of the ninth division, which had charge of the bonds. I had both divisions upon my hands then, from the 28th of October to the 31st of December.

Question. On taking charge of the bond bureau, did you make an examination of it?

Answer. Yes, sir.

Question. In what condition did you find it?

Answer. After making an examination, I made a short report to the collector. Perhaps the shortest way of answering the question would be to read that report.

The report was read as follows:

CUSTOM-HOUSE, NEW YORK,

January, 1864.

SIR: I have the honor to report that, on the 28th of October, in obedience to your order of that date, I took charge of the rooms assigned to the ninth division of the business of your office, and, until the appointment of C. A. Runkle, esq., on the 31st ultimo, discharged the duties of a deputy collector of that division, in addition to those of the tenth division, to which I was assigned in May last. The principal business assigned to the ninth division was the reception, custody, and cancellation of bonds required by acts and regulations relating to commercial intercourse with States declared in insurrection, and to prevent supplies ostensibly destined for foreign neutral ports from reaching insurgents against the United States, the prosecution and management of seizures under the acts of July 13, 1861, and May 20, 1862, and the defence of suits instituted against the collector for recovery of duties alleged to have been illegally exacted, or for any other cause. Upon assuming charge of this division, an examination of the bonds, 4,971 in number, according to the records, was commenced, under my supervision and direction, by Mr. F. J. Phillips and Mr. Theron C. Leland. But little progress was made for the first two weeks, as Mr. Phillips, the only clerk in my own division, was employed a great portion of the time by Mr. Palmer, and the force of the ninth division was reduced by the absence of a deputy collector and one clerk. All the bonds recorded which could be found were scrutinized, and a particular report thereof made in writing to the Solicitor of the Treasury on the 1st of December, a copy of which you will receive herewith. My own labors were directed to a supervision of the two divisions carried on with reduced force, and especially to the investigation of alleged shipments from this port for blockade runners, and the preparation for trial and attendance thereon of several important seizures connected with this illegal traffic, prosecutions for infractions of the regulations respecting commercial intercourse with the opened ports, and ordinary revenue seizures which were set down for December. I was obliged, therefore, to intrust to Mr. Waddell, the chief clerk of the ninth division, the duty of receiving bonds, which he performed, referring to me such questions as arose during the period the business was under my charge.

From the report referred to, you will perceive that 124 bonds are without sureties; 72 without seals; 89 improperly executed with respect to signatures; 21 wherein principals and sureties recited have not both signed; 4 without revenue stamps; 21 are missing, (of the recorded bonds;) 876 have been cancelled by consular, collectors' and provost marshals' certificates; 141 by a statement in writing on the bond by the deputy collector in charge that a verbal declaration had been made sufficient for that purpose; and 19 by the word "cancelled" written thereon, with the signature of D. Cady Stanton, a clerk in the ninth division. The reception, custody, and cancellation of the bonds referred to appear to have been the specialty of Mr. Stanton, deputy collector, and his son, a clerk in his division. The following power of attorney to sign as surety, and note from Mr. Stanton, on the back of which it is written, clearly show the estimation in which these bonds were held in the division receiving them, and it could not be expected that they would be regarded of more importance by the community:

"CUSTOM-HOUSE, NEW YORK,

" *Collector's Office, November 29, 1862.*

"DEAR SIR: Will you give your clerk power to sign these bonds in your name? It will save trouble and avoid delay. It is a mere formality.

"Yours, truly,

"H. B. STANTON.

"Mr. VAN BRUNT."

The above note was indorsed as follows :

"We hereby authorize Chas. F. Dodge to sign the name of the firm to bonds of vessels clearing for the ports in the Chesapeake bay.

"VAN BRUNT & SLEIGHT."

On the 31st October I ascertained that the collector's fee of forty cents on each bond had not been collected, of which written notice was given you. On the same day you directed that fee to be exacted, and your order has been complied with. Soon afterwards, with your sanction, I caused the formalities which Mr. Stanton had required on execution of the bonds, and for which he charged notarial fees, to be dispensed with.

The practice of permitting the clerks to furnish copies of bonds for which undoubtedly they were paid, and upon which provost marshals and other officers posted certificates that the goods referred to "in this bond" have been delivered at their proper destination, was prohibited, it being deemed preferable that these certifying parties should furnish a description or account of the goods of the landing and destination of which they certified. With respect to the examination of the bonds, it was confined to those recorded; but it was ascertained that other bonds were taken of which no record was made, and, so far as known, those bonds are missing. The number can only be ascertained by an examination of all the shipper's manifests on which bonds were received, and that involves much labor, which, up to the present time, it has been utterly impossible to attempt, owing to the unusual press of business on my division, arising in a great measure from the peculiar circumstances attending commerce since the rebellion. The examination of the bonds themselves did not reveal the connexion which it has since been discovered that Mr. Palmer and other officers had with their procurement. The facts connected therewith were obtained through investigations with a view to put a stop to the blockade-running business so far as this port is concerned, involving great labor, the particulars of which it is not necessary to enumerate. The seizure branch of the business, and the defence of suits against the collector, appear to have been committed to the hands of the chief clerk, W. H. C. Waddell. The records of seizures are not complete, the reports to the district attorney are meagre, and the papers connected therewith have not been arranged and preserved with proper care. In a recent prosecution of the schooner *George Darby*, it cost me two days' search to find the license and manifest actually requisite to commence the trial; and after seeking it in all the departments of the custom-house, it was found in the desk of a clerk in the district attorney's office, where it was left by one of the attorneys of the claimants of the cargo, who had borrowed it at the custom-house to be used in bonding the goods, and left where it was found by accident. Other papers in the same case were missing, and the claimants charged that they were withheld by officers of the government because unfavorable to the prosecution. Of suits against collectors no record whatever has been kept in the division having charge thereof, and they appear to have received no further attention from the custom-house than the transmission of a summons when received to the

district attorney, and replies to inquiries which that official regarded it proper to make.

The substance of this report has been from time to time communicated to you verbally, and suggestions respecting charges which were regarded expedient have been made. Pursuant thereto, and in accordance with your directions, all the seizures and business connected with prosecutions of any kind, and also the custody and cancellation of bonds heretofore committed to the ninth, have been transferred to the tenth division. The receipt of bonds is still confided to the ninth division, and each day they are delivered to the tenth, where they are examined, filed, and certified to the collector. A register has been opened in the ninth division in which all suits against the collector are entered, and in which will be kept recorded the proceedings thereon, with the preparation made to assist the district attorney in the defence, so that at any time the condition of any case may be readily ascertained; and it is proposed that this branch of the customs, heretofore neglected at this office, may receive such attention as its importance to the government demands.

I have the honor to be, sir, most respectfully, your obedient servant,

ALBERT HANSCOM,

Deputy Collector.

Hon. HIRAM BARNEY,

Collector of Customs, &c.

Question. I notice you speak in that report of bonds being cancelled, "a verbal declaration having been made sufficient for that purpose." What was that process of cancellation?

Answer. When a vessel returns from Norfolk, or any other place to which it had cleared, and in reference to which a bond had been given for the proper delivery of the cargo, and that his officers and crew were loyal, &c., it seems that the captain would come before Mr. Stanton and state that he had complied with the terms of the bond, and Mr. Stanton would cancel the bond upon that statement of the captain.

Question. What is the regulation of either the bureau or of the department with reference to the cancellation of bonds?

Answer. There have never been any specific regulations. That has been left almost wholly to the discretion of the collector; whatever was satisfactory to him was sufficient. There has been correspondence by the collector with the Secretary of the Treasury, and by the Secretary of the Treasury with the Secretary of State, and by the Secretary of State with the British minister upon this subject, but there has been no further rule laid down than that, in reference to bonds given for the port of Nassau and other British ports, the collector was directed to write "cancelled" on a bond when the certificate of the consul was satisfactory to him in reference to what had become of the goods.

Question. There was no prescribed form?

Answer. None. The certificates which have come from Nassau, and such places, have been referred to the Secretary of the Treasury, and his directions have been taken in reference to them, and that has formed a precedent. While I had charge of that bureau I was very strict with reference to cancelling bonds, and refused to cancel unless the evidence was very satisfactory. I was so strict that complaint was made to the department.

Question. Upon taking possession of that bureau, after the suspension of Stanton, you had possession at once of the books and papers?

Answer. Yes, sir.

Question. And you made an examination of all the papers?

Answer. An examination was made under my supervision; the clerks were in the room and sat at a desk adjoining mine, while I directed the examination.

As anything attracted their attention they showed me the bonds from time to time.

Question. What was Mr. Barney's order in reference to that?

Answer. I have his order here, and I will read it.

CUSTOM-HOUSE, NEW YORK,
Collector's Office, October 28, 1863.

SIR: You are hereby requested to assume and discharge for the present, and until further notice, the duties of deputy collector of the ninth division. You will take charge of the rooms assigned to that division, ascertain what books and papers are there belonging to it and put them in proper order if they should be found to be out of order, and you will report upon the condition of that division as soon as possible to your obedient servant,

HIRAM BARNEY, *Collector.*

A. HANSCOM, Esq.,
Deputy Collector, &c.

Question. Did Mr. Stanton, after that, have access to the papers in that room?

Answer. No, sir.

Question. Were any papers taken out of that room by Mr. Stanton, or on his order?

Answer. It was about three o'clock in the afternoon that I was sent for by Mr. Barney, and was requested to assume the duties of that division. Mr. Jordan, Solicitor of the Treasury, was present. It was so sudden I hardly knew what was expected of me. Mr. Stanton wanted to stay there a few days longer, but the collector did not think it proper that he should do so. Mr. Stanton went into the bond-room, and I went with him. Like every officer, he kept more or less private papers in his desk. I did not know exactly how far I should go, and I did not like to be too particular, especially as he was an older person than I, and held an equal official position. He took out of his desk some papers, eight or ten in all I should think, and as he took them up he said they were private, and put them into his pocket, and carried them away. I got him, however, to leave most of the other papers, which he said were private. I told him he had better put them into a drawer, lock them up, and come after them at some future time. He did so; but he did put some papers which he said were private into his pocket, as I stated before. A day or two afterwards he sent his son down to Mr. Waddell to get those papers which he had put into the drawer, and Mr. Waddell told him he might go to that drawer and take the papers. The son went to the drawer and undertook to put the papers into a large carpet-bag. I forbade it, and went to Mr. Barney and told him what was being done. He requested me to examine the papers. I told him it was a very delicate matter, and, as I was situated, I preferred that he should attend to it. After a little while Barney came into the room and stood there while this young man was picking out the papers; but what examination Mr. Barney made I do not know. I was there in the room, but did not pay particular attention to what transpired. I do not think Mr. Barney examined the papers particularly. I know Mr. Stanton carried away a number of letters addressed to him by consuls at Bermuda, &c., addressed to him as deputy collector, and which I thought were official. Some letters came addressed to him a day or two after he left the office, but as I did not feel at liberty to open them, I gave them to Mr. Barney, and advised him to keep them.

Question. Do you know what became of those letters?

Answer. I do not.

Question. So that if there was anything in those letters which would have shown a collusion between Stanton and any consuls, he had an opportunity to take those papers away.

Answer. I know he took some papers away. I had no special directions in reference to the matter, and had no notice of this thing. I was called upon to act upon the spur of the moment.

Question. You say you know Stanton carried away letters addressed to him, as deputy collector, by consuls?

Answer. I have here a summary of some letters which he subsequently gave to Mr. Palmer, and which Mr. Palmer afterwards gave to me. The summary I understood was made by Mr. Palmer from the letters.

Question. Are they copies?

Answer. No, sir; but an abstract. The letters which came to the office, after I assumed charge of that room, addressed to Mr. Stanton as deputy collector, I handed to the collector without opening them, and advised him to open them. The collector put them into his drawer unopened.

Question. Do you know what became of them afterwards?

Answer. I do not.

Question. Have you ever seen them since?

Answer. No, sir.

Question. Did the collector ever tell you what was in them?

Answer. No sir; I will read you the abstract which Palmer gave me.

The abstract was as follows:

Abstract of letters to H. B. Stanton, deputy collector.

Letter from C. M. Allen, dated at Bermuda, October 30, 1863, states that Mr. Hughings has offered money to "fix the matter" in regard to certain whiskey shipped in the Georgiana; that fraud is admitted in the transaction, and that the taking of a false oath is not denied. Others are implicated in shipments by this vessel. The writer offers to afford any assistance in his power to the authorities at New York for the purpose of detecting fraudulent shipments, of which he thinks there are many.

From the same, dated Bermuda, October 8, 1863, states the complaints which Bermuda merchants make of the restrictions put upon trade, and the difficulty attending the obtaining certificates. The heavy shipments for the rebels are now mostly made from Halifax. A Mr. George M. Sherman, a liquor dealer in Front street, New York, came to Bermuda last spring, and made arrangements to supply liquors in packages *via* Halifax. This Mr. Sherman has made several trips to B. *via* Halifax, and carries on quite a flourishing business with rebellion.

From same, dated Bermuda, November 5, 1863. Thinks the bond for the merchandise consigned to F. Smith by the brig Harvest Queen should not be cancelled. Smith called on writer and was willing to take required oath, and explained his shipping gunny bags and rope to Bermudas by saying that he intended to set up a cotton press in Bermuda and buy the loose cotton here, using the bagging for the purpose of baling it, &c., &c. Writer does not think there are ten bales of loose cotton in the islands, and regards the whole thing as pretence.

As to merchandise by the A. N. Goodhue, consigned to A. Wolf, there is no doubt it went to the rebels.

From same, dated Bermuda, October 26, 1863. A shipment of gunny bags, rope, and furniture by Messrs. Jones & Lough, of New York, per brig Henrietta, on or about the 1st of October, and consigned to W. Tudor Tucker, was imported to aid the rebels. Tucker is "a handy man" for the rebels, appearing in their behalf on all trying occasions.

Hughings & Rahming, recently here from New York with a cargo in the schooner Georgiana, (referred to above,) discharged cargo and made oath before consular agent at Hamilton, in this island, and obtained consular certificate can-

celling their bond and covering *all* their shipment. Afterwards the vessel came here and landed twenty casks and twenty-three cases of whiskey. This whiskey was not in the schedule made use of by them before the consular agent.

Letter from James Haggert, (assumed name,) dated Victoria Hotel, Nassau, N. P., October 25, 1863. Makes fearful revelations; gives advice and offers to give positive information on payment to him of \$18,000 in hand, and a promise of $\frac{3}{4}$ of all proceeds of captures. Humbug!

This memorandum did not come to me until four or six weeks after Stanton went away.

Question. Have you any knowledge yourself of the requirements on which these bonds were cancelled by Mr. Stanton?

Answer. No, sir; no further than what appears upon the bonds themselves.

Question. Do you know anything of the abstraction of any of these bonds?

Answer. Nothing more than was told me by Mr. Hussey.

Question. Do you know whether Mr. Stanton kept the bond business under his own immediate control?

Answer. All I know is from my observation. Mr. Stanton had two rooms. There was a door from the hall into either room, but he did not allow any person to come into the hall door which opened into his room. Persons came from the hall into the other room, and there was a door opening from that room into his. He kept himself secluded from his clerks in that room. His son did not have a desk there, but he was in there more or less. No clerk had a desk in the room where Stanton did his work.

Question. Was not Palmer an occupant of that room?

Answer. Not after I became an officer in the New York custom-house; but he was previous to that. After I took possession of this room of Stanton's, Mr. C. Dingley, who was put in as storekeeper of the seizure-room, brought to me this report which I hold in my hand.

Question. Who is Dingley?

Answer. He was appointed storekeeper of the seizure-room in June last; but before that he had been employed on temporary work, and it seems that he had made an examination of these bonds. I asked him at the time he gave me the report when he made the examination. He said he made it in January, February, March, and April, 1863; and that immediately after his suspension Mr. Stanton came to him and wanted to get this report. Dingley made the report in April or May last. I asked him if he made the report to Stanton. He said he did.

The report is as follows:

"Bonds defective or ambiguous in cancelling."

"Nos. 104, 168, 180, 278, 328, 349, 383, 431, 448."

"Bonds missing."

"Nos. 30, 189a, 281, 306, 395, 521, 951, 1419, 1514, 1622."

"Conveyance not stated."

"Nos. 455, 825, 947, 1189, 1190, 1337, 1349, 1470, 1477c, 1498, 1557, 1647."

"Names not signed to bond."

"Nos. 614, 973."

"Omission of name of one of the parties."

"No. 964, (Matamoras bond, \$15,000,) Thomas J. Hand's name is omitted. Bond at the head bears the name of 'Oliver R. King' and 'Thomas J. Hand,' signed 'O. R. King' only."

"Residence of parties not stated.

"Nos. 802, 805, 807, 808, 809, 812, 813, 819, 824, 844, 846, 847, 850, 851, 852, 854, 859, 868, 872, 874, 881, 884, 887a, 890, 895, 896, 899, 921, 926, 927, 941, 948, 956, 959, 977, 978, 1481."

"Name of notary public omitted.

"Nos. 845, 1341, 1371, 1372, 1408, 1502, 1506, 1530a, 1557, 1569, 1570, 1571, 1572, 1573, 1574, 1575, 1576, 1577, 1578, 1579, 1584, 1588, 1591, 1592, 1593, 1594, 1595, 1597, 1599, 1604, 1605, 1606, 1607, 1608, 1609, 1610, 1617, 1624, 1625, 1627, 1629, 1630, 1631, 1633, 1634, 1642, 1643, 1644, 1645, 1646, 1647, 1648, 1650, 1651, 1652, 1654, 1655, 1656, 1657, 1658, 1660, 1661, 1662, 1663, 1664, 1666, 1667, 1669, 1671, 1672, 1679, 1680, 1682, 1683, 1684, 1685, 1686, 1691, 1692, 1701, 1702, 1704, 1705, 1706, 1707, 1708, 1710, 1711, 1712, 1713, 1718, 1719, 1720, 1722, 1725, 1726, 1727, 1730, 1731, 1732, 1733, 1737, 1738, 1739, 1740, 1741, 1742, 1743, 1744, 1745, 1746, 1747, 1748, 1749, 1750, 1751, 1752, 1753, 1754, 1756, 1757, 1758, 1759, 1760, 1761, 1763, 1764, 1765, 1767, 1768, 1769, 1770, 1771, 1773, 1776, 1777, 1778, 1791, 1799, 1800, 1801, 1802, 1804, 1810, 1811, 1814, 1818, 1825, 1826."

"Variation of names on same bond.

"Nos. 806.	Hiram Bennet.	"Nos. 1531a.	Theo. A. Miers.
	Hiram Benner.		Theo. M. Myers.
807.	Hiram Benner.	1533a.	John A. Furman.
815.	T. C. Rahming.		Salem A. Furman.
	M. C. Rahming.	1536.	C. F. Schrammer.
864.	Geo. H. Leavitt.		C. F. Schramm.
	Geo. W. Leavitt.	1540.	Samuel S. Black.
968.	R. P. Ring.		James S. Black.
	R. P. Wing.	1557.	M. S. Gottberg.
1414.	James Holdscamb.		H. S. Gottberg.
	James Holdskom.	1571.	Theo. Gardner.
1417.	John S. Howell.		Thos. Gardner.
	Alex. J. Howell.	1580.	A. J. A. Poole.
1422.	George E. Wylie.		E. V. G. Poole.
	George W. Wylie.	1593.	John Bodine.
1447.	Reuben Ryder.		James Bodine.
	Reuben Ryder, jr.	1609.	John Cox.
1450.	Geo. Ruhland.		John H. Cox.
	Geo. Reeveland.	1606.	Willard Evans.
1465.	J. M'Intire.		Whillet Aleramus.
	Jere. M'Intire, jr.	1616.	John S. Cornell.
1472.	John Matthews.		John S. Bennett.
	John Mathis.	1630.	Wm. Ward.
1477a.	A. R. Conklin.		Wm. E. Ward.
	A. R. Clinton.	1630.	James Black.
1479.	Theodore Ralli.		James S. Black.
	Theo. A. Ralli.	1637.	J. Edwards.
1501.	B. Nichols.		J. Edwards.
	J. B. Nichols.	1681.	A. H. Jacobs.
1524.	B. F. Small.		August Jacobs.
	B. A. Small.	1684.	A. T. Fisher.
1528.	J. S. Davis.		A. G. Fisher.
	Jael H. Davis.	1689.	H. C. H. Bartlett.
1530a.	Peter Lacose.		C. H. Bartlett.
	P. LaRost.		

By Mr. Le Blond :

Question. Was Mr. Barney cognizant of that statement of Dingley at that time ?

Answer. I do not know, of my own knowledge. There is a memorandum, in pencil, on Dingley's report, made at the time of the examination. The memorandum is in these words : " Mr. Palmer took three different bonds to the collector, not yet returned."

Question. Do you know how many of the bonds included in Dingley's report are included in the statement you made to the collector ?

Answer. I do not ; I have not had time to make that examination.

Question. Do you know at whose instigation this Dingley's report was made ?

Answer. I think Dingley told me that Palmer put him to work there.

Question. Do you know by whose direction that report of Dingley was made ?

Answer. I do not know that I ever asked the question, and I cannot say by whose order it was made. The examination of these bonds is at present incomplete, and I have so informed Mr. Barney, because we have only examined the bonds which were recorded, while we knew that there were bonds taken of which no record was ever made. I found five of one party, I think, of which no record was ever made. I found one of Encas ; and some time since, having received information in reference to a shipment made by a man of the name of Smith, I went to search for the bond, but I could find no such bond, and no entry of it on the record of bonds. I found on the shipper's manifest a certificate by Stanton that a bond had been taken. It requires a good deal of labor to make these examinations, as we have to get at all the shippers' manifests. The law requires the master to make a manifest of his whole cargo, and it also requires each shipper to bring in a manifest of the portion he shipped, and it was upon the shipper's manifest that these bonds were taken. As soon as I found out that a bond had been taken and not recorded, I wrote a note to Embree desiring that he should not regard a bond as executed without the certificate on the manifest of Waddell that it had been taken, and also another certificate of Ward, the recording clerk, that it was on record.

Question. What is the practice in taking bonds ?

Answer. The practice was to bring the shipper's manifest to the ninth division, and a bond was then taken, according to the form approved by the Treasury Department, referring to the goods as described in the shipper's manifest, which was not attached to the bond. After I took possession of that room, I directed that a duplicate manifest be made out and signed by the shipper and attached to every bond. And that is the practice now, unless the goods themselves can be fully described in the bond. In reference to these manifests, I will say I was informed by a broker that when parties would come in to cancel these bonds, it was not always convenient to find the manifests to see if the goods described in the certificate and the manifests were the same. Stanton would say that he could not get the manifests, but that if they would swear that the certificate contained all the goods described in the manifests he would take their statement ; that they would do so, and Stanton would take a notary's fee for it.

Question. Do you know anything of the circumstances attending the seizure of the steamer José ?

Answer. That vessel was seized on the 7th of October last, I think. The seizure of this class of vessels, under the confiscation act for blockade running, properly belonged in Stanton's division, but Mr. Denison, naval officer, and myself obtained evidence about this steamer José, and finally she was seized by our direction. We were at work on the matter, I think, ten or twelve days before the seizure was made. After she was seized Stanton appeared very anxious to have her released, and the collector was troubled about it a good deal. She had letters from the British consul, and the British minister, I think, made inquiries of our government about the seizure. The owner was threaten-

ing to sue the collector for damages, &c., according to reports. Denison and I were at work obtaining evidence to make out a case, because we were certain it was a guilty vessel. The difficulty was to obtain legal evidence. While we were consulting about that matter we discovered, through a person not connected with the custom-house, that a letter had been written to the collector by the United States marshal, which we regarded as containing sufficient evidence to justify the seizure, and we were sure, if we got the case into court, we had sufficient proof to justify us, if not to condemn the vessel. Our difficulty was in reference to satisfying the collector. We could not show him what we thought would be probable cause, and we wanted a little time to do it in. Mr. Barney was not aware of this letter having been received by him. It was sent to his office, opened by the assistant collector, and immediately referred by him, as all letters are, to the proper bureau. This was referred to Mr. Stanton. This letter was dated the 5th of October, and upon the back of it, where the seal was, was written "immediate." The letter was immediately handed over to Stanton, in whose bureau I subsequently found it. Stanton did not let the collector or Denison or me know that he had such a letter during the whole time we were in this trouble and doubt as to whether we should give up the vessel, or proceed to prosecute. I discussed the matter with Stanton, and was present with Mr. Denison when he discussed it with him, and it was his anxiety to release this vessel that satisfied me that the statements I had heard about the bonds were correct, and Denison and I then determined to see those bonds if they could be seen. Before that time we doubted the reports which had been made. We made arrangements and proceeded to a store, where the parties showed us those bonds. Had we known the contents of that letter during those troubles, we should not have hesitated to proceed against the vessel. When we found that letter, and understood all the circumstances, we believed that the story about the bonds were correct.

Question. You say you afterwards found this letter of the United States marshal in Stanton's office?

Answer. Yes, sir; and it is now in court among the papers on the trial of the José.

Question. What were the contents of the letter?

Answer. The marshal notified the collector that this José, which had been running the blockade and had been taken as a prize and sold at auction, was going to clear for Havana or Nassau, and that he was well informed that her real destination was to run the blockade. When Mr. Barney reported this vessel to the district attorney, in order to commence proceedings against her, he would not report her without stating that the naval officer had information sufficient to justify the prosecution. Mr. Stanton was averse to proceeding against the vessel. We should not have hesitated a moment to proceed against her if we had had that letter in our possession. At the same time there was cotton under seizure—cotton from Matamoras, which was charged with being brought from Texas, and Stanton was anxious to have that cotton surrendered up at the same time. He persisted in it, and left Denison's room offended because he would not consent to it. Stanton said he would go and give the collector his opinion in regard to it, and do his duty towards having it delivered up. He left the naval officer's room offended because the naval officer would not consent to give it up. This matter is now in court; the question of confiscation has not yet been determined.

Question. You state that you were informed by a party outside of the contents of that letter?

Answer. Yes, sir; a gentleman informed Denison and myself that there was a letter in the office from the United States marshal which would justify us in proceeding against the vessel. There were parties outside stating that the owners of the José felt very well about it, that they were certain we would have

to give her up, and that they had parties inside of the custom-house who would help them. A person said to me, "If you are going to give up that cotton, and will let me know, I can make \$3,000 out of the information, because they are willing to pay something handsome." I told him the cotton was not going to be given up.

NEW YORK, *March 21, 1864.*

Albert Hanscom recalled.

By Mr. Le Blond:

Question. Have you made any further examination in reference to the bond matters in what was formerly Mr. Stanton's bureau since you gave your former testimony?

Answer. I have not made any specific examination of the bonds for that purpose, but some things have transpired in the course of business in reference to that bureau since my former examination.

Question. Please give us a statement of what you have discovered since that time, if anything.

Answer. Since that time the collector has received a letter from the Secretary of the Treasury, enclosing a letter from a person in Colorado Territory, in which he informed the Secretary that a Mr. Lyon out there had read him a letter from his brother, in which he stated that he was, and had been, engaged for some time in shipping goods from New York to Matamoras. The letter reads as follows, (dated Central City, Colorado Territory, February 8, 1864:)

"SIR: James E. Lyon, of this place, read a letter in my presence from a brother, also named Lyon, residing in New York city, on the eve of his departure with his family for Matamoras, in which he states that he was engaged, and had been for some time, in shipping goods from New York to Matamoras, and thence into the rebel State; that it was a risky business, but that he had made large sums of money by it. He gave the names of his confederates in New York and firm name, but I do not now recollect them. Perhaps Collector Barney can ascertain them. Lyon formerly resided at San Antonio, but on the breaking out of the rebellion came north, matured his plans, and went to Matamoras. His recent visit was made for the purpose of taking his family with him to Mexico. I have frequently heard James E. Lyon say that his brother was in the business of smuggling goods to the rebels."

Upon the receipt of that letter, which was sent for our information, I made an examination to see if I could find any of Mr. Lyon's bonds, and I found he gave a bond (No. "432") the 7th of November, 1862, Alexander M. White as surety, for \$858 50, and which was cancelled by affidavit made by Lyon himself, at Monterey, April 27, 1863. I sent for this party, who I suppose was connected with it, as surety upon this bond, and he said that this shipment (cutler's material) was a *bona fide* shipment, to go to Monterey. I also found that Lyon gave a bond ("461") for \$10,000, and that no surety was taken upon that bond, and that bond has not been cancelled. I was informed by this party that this second shipment was Mr. Lyon's own personal business, and that he did not know anything about it. There is no surety upon it, and Mr. Lyon is now in Mexico.

Question. Have you examined the manifest of that shipment?

Answer. Finding that some difficulty was likely to arise from the manner of taking these bonds, by referring therein to the manifest disconnected with the bond itself, soon after taking charge of the bureau I directed that a duplicate of the manifest be furnished by the party giving bonds in all cases, to be annexed permanently to the bonds, describing the goods as they were described in the shipper's manifest. That has been the practice since, where the goods are not

specifically described in the bonds themselves. In this case the manifest could not be found. I found four bonds of O. K. King without any surety on either: No. 782, for \$110,000; No. 964, for \$15,000; No. 1137, for \$20,000; No. 1220, for \$20,000. I was informed that he paid \$5 for executing each one of them.

Question. To whom?

Answer. To Stanton. I also examined three bonds given by Darrell & Co., Nos. 734, 735, and 736, for \$24,600 for the three. They had no seals, and they were cancelled by the affidavit of J. H. Gambier, at Nassau, the consul merely certifying as to what appeared by the affidavit, without expressing any opinion of his own. To present the point more fully, I herewith submit a copy of the affidavit of the consignee, and a copy of the certificate of the consul himself.

EXHIBIT C.

Copy of affidavit.

UNITED STATES CONSULATE,
Nassau, N. P., Bahamas.

J. H. Gamblin, being duly sworn, doth depose and say: that he is agent of the importer hereinafter named; that the annexed schedule signed by him contains a true statement of the whole of the goods and property shipped from New York, by Darrell & Co., to W. H. Weech, at Nassau, New Providence, and in the brig L. Berry, on or about the 26th day of February, 1863; that said goods and property have all been landed, entered at the custom-house at Nassau, New Providence, and the duties paid thereon; that said goods and property were imported solely for sale and consumption in the Bahamas, and have not been, nor are they intended to be, directly or indirectly, sold, exported, or carried to, or used to aid or comfort, any person, place, port, State, or country in rebellion against, at war with, or which is blockaded by, the government of the United States of America, to the knowledge, information, or belief of this deponent.

J. H. GAMBLIN.

Sworn to before me this 24th day of July, 1863.

W. C. THOMPSON,
United States Vice-Consul.

Bond No. 1734, \$10,000; bond No. 1735, \$10,000; bond No. 1736, \$4,600, cancelled by these certificates.

Copy of consular certificate, Nassau, New Providence, July, 1863, upon which bonds were cancelled.

UNITED STATES CONSULATE,
Nassau, N. P., July 24, 1863.

I, W. C. Thompson, vice-consul of the United States of America at Nassau, New Providence, do hereby certify that the goods and property mentioned and described in the affidavit and schedule hereto annexed have been landed at the port of Nassau, New Providence, and entered at the custom-house here, and the duties thereon, ———, paid at the said custom-house, as appears by the certificate of the custom house officers, and the affidavit hereto annexed.

I do further certify that the said goods and property were imported solely for sale and consumption in the Bahamas, and have not been, nor are they intended to be, sold, exported to, or used to, aid or comfort any person, place, port, State, or country in rebellion against the government of the United States of America, as appears by the affidavit hereto annexed.

In witness whereof, I, the said consul, have hereunto set my hand and seal
[SEAL.] of this consulate, this — day, &c.

W. C. THOMPSON,
United States Vice-Consul.

By the chairman :

Question. Complaints have been made before the committee that there is great difficulty in getting their bonds cancelled, or given up, after the goods have been delivered and certificates produced to that effect.

Answer. My objection to cancellation in many cases has been that there was furnished no proof, other than an affidavit made by a person entirely unknown to the office, appearing to be consignee of the goods. The Solicitor of the Treasury was informed of the nature of these certificates, and of the consideration given to them at this office, and did not object to our proceedings.

Question. You had better state in this connexion why the consular certificate is not good.

Answer. The certificate of the consul annexed to the affidavit of the person or consignee merely certifies as to what appears upon the affidavit, without expressing any opinion of his own respecting the ultimate destination of the goods.

A bond was given on a shipment of goods to Matamoras by Adolph Bernheimer on the 14th of February, 1863, for \$180,000 on 5,081 packages of goods such as were necessary to supply the wants of the insurgents, comprising such goods as are known to be shipped south. That bond was cancelled by Mr. Stanton, deputy collector, on the production of the certificate of the consul that the goods were bonded, and "to the best of my knowledge have not been used to give aid to the enemies of the United States government."

I herewith submit the certificate of the consul and a copy of the invoice attached to the bond in this case:

EXHIBIT D.

Bond for \$180,000—cancelled by this certificate.

UNITED STATES CONSULATE,
Matamoras, July 27, 1863.

I, the undersigned, consul of the United States of America for Matamoras and the dependencies thereof, do hereby certify that the five thousand and eighty-one packages of merchandise before mentioned have been landed and sold in this port, and to the best of my knowledge have not been used to give aid to the enemies of the United States government.

In testimony whereof, &c.

L. PEIRCE, JR.,
U. S. Consul.

[SEAL.]

STATE OF NEW YORK,
City of New York, ss :

Adolph Bernheimer, being sworn, says that the merchandise enumerated in the within manifest or invoice covers and includes all the merchandise for which bond No. 1559 was given at the New York custom-house, February 14, 1863.

ADOLPH BERNHEIMER.

Sworn to before me this 18th September, 1863.

H. B. STANTON,
Notary Public.

NEW YORK, February —, 1863.

Copy of invoice attached to bond 1559, Adolph Bernheimer. Manifest of cargo per bark Wild Horse, G. Davison, master, from New York for Matamoras. Shipped by Adolph Bernheimer, New York, and consigned to A. Uhde & Co., Matamoras.

E V	75 boxes tin plate.
	750 boards.
E P	3 cases handkerchiefs.
W B & Co.	1 case bandanas.
K	244 coils rope.
[A] B	215 kegs nails.
	200 barrels flour.
	24 cases nails.
R A B	450 coils of rope.
	2,000 bags corn.
	2 iron safes,
W [S]	151 bales gunny cloth.
A C Co.	5 bales domestic.
	5 do blankets.
F	2 do rugs.
B	125 boxes cotton cards.
[A] B	19 cases clothing.
L M S	7 bales cotton goods.
J R	1 case do.
C [A] B	16 do iron shoe nails.
I B	6 do shoe pegs.
D P C	10 bales gray cloth, plain.
W B	15 cases satinets.
K E	20 do calico.
[A] B	14 do hats.
T [A] B	72 cases spool cotton.
	5 cases thread.
	1 do sewing silk.
	3 do pins.
	10 do buttons.
	3 do suspenders.
	3 do combs.
	2 do hooks and eyes.
	3 do stationery.
	11 bales shoe thread.
	2 cases hoop skirts.
	2 do envelopes.
S [A] B	110 do boots and shoes.
	1 do shirts.
W [A] B	5 do satinets.
T B A	3 do bleached sheeting.
A B	1 bale cotton goods.
	8 cases shirts and drawers.
	56 bags sumac.
[A] B	20 barrels potash.
	50 do copperas.
	1 case hardware.
	52 cases hats.
[A] B	12 bales do.
	5 bundles wire.
	1 box rivets.

[A] B	2 cases shirts.
A B	151 boards.
	50 wall strips.
T A B	3 cases daguerreotype materials.
	20 do matches.
	36 do snuff.
	1 bale baling thread.
	2 trunks socks.
	4 do samples.
	1 do do.
	9 cases bleached sheeting.

MATAMORAS, *June*, 1863.

We, A. Uhde & Co., merchants of Matamoras, hereby certify that the above specified goods, consisting of five thousand and eighty-one packages, have been landed in this port from the bark Wild Horse, Davison master, from New York, and have been received by us in consignment for sale in this city.

Signed for A. UHDE & CO.,
PAUL ZURN.

I also found bond No. 973, dated December 29, 1862, the obligors recited in the bond being Stephen D. Inman and John R. Inman, the execution being witnessed by the signature of D. Cady Stanton, and also a notarial certificate of H. B. Stanton that the obligors appeared before him and executed the instrument; *but neither of the obligors signed the bond.*

By Mr. Rollins:

Question. What information, if any, have you had from the consuls at Nassau, Matamoras, and other ports suspected of being engaged in blockade running, respecting goods shipped from New York for the purpose of being transhipped into the Confederate States?

Answer. I do not remember anything except from Bermuda, and I think an abstract of the letters from the consul there has already been furnished the committee.

Question. What facilities has our consul at Nassau for obtaining information in reference to the shipment of goods for the purpose of running the blockade?

Answer. I have been informed by parties from Nassau, that from the proximity of the consul's office to the place where this business is carried on, it was impossible for him not to have knowledge of the fact that the goods from New York are transhipped immediately aboard blockade runners.

By the chairman:

Question. Who cleared the "José" at the custom-house?

Answer. She was cleared in the regular course of business; could not tell what individual; I presume Mr. Embree, if he was there.

Question. Where was the negligence, and who was the culprit, that her cargo, portions of which were so manifestly contraband, should have escaped observation, or by what inducement were the custom-house officers inclined to turn their backs upon it?

Answer. Her cargo of itself was not contraband; she was cleared directly for Havana, and it was pretended that her cargo was to be landed at Havana; but we had evidence that it was not to be landed there, which was gathered from informed parties by our special aids. If this same cargo had been in an ordinary vessel, I suppose no suspicion would have attached to it.

Question. Did you ever arrive at a knowledge of the positive ownership of that vessel?

Answer. No, sir, unless it was made clear by circumstantial evidence in connexion with the trial in the United States district court. We alleged that she was owned by this man (J. H. Wagnon) from Alabama, and from what we learned from our agents who were investigating the matter, we were satisfied that she was not owned by Eneas, though he claimed the ownership of her after she was seized, and threatened he would make the custom-house officials sweat for it, as I was informed and believe.

Question. Do you recollect who paid for her and her cargo?

Answer. Eneas swore on the trial that he owned the vessel and the whole cargo, (this was before Judge Betts, in the United States district court, December, 1863,) and that he had paid for her and her cargo. He swore that all the money he paid out in the course of his business was entered upon his books. His books being unexpectedly brought into court, he was requested to find where this payment of liquors and a wagon were entered upon the books, being a part of the cargo of the "José." He insisted that they were upon his books, and began to examine them, and after examining them for a long while he could not find an entry of any such payments.

By Mr. Rollins:

Question. Did he undertake to say that the payment for the vessel was also entered in his books?

Answer. He showed from his books that it was all entered, and some portions of the cargo. The vessel was seized on the 7th day of October; she was not reported to the district attorney for proceedings until the 19th of October, on account of the difficulties of the case in the office.

By the chairman:

Question. Do you know whether a clearance bond was given in that case?

Answer. I doubt whether any bond was given, because the vessel cleared for Havana. Eneas acknowledged on the stand that most of the cargo was really bound for Nassau, and one point in the case was, that the shipper's manifest which he signed was not sworn to by him, but by the master, which was a very irregular proceeding.

Question. Do you know anything about the private letters of Stanton in his office?

Answer. About 3 o'clock of the 28th of October I was ordered by the collector to go in there and take possession, and I went in with Mr. Stanton.

By Mr. Rollins:

Question. Did you meet at the store of Mr. Conklin in August, 1863, Hussey and other parties?

Question. Yes, sir; as near as I can remember, it was in August; it may have been in July.

Question. What transpired at that meeting?

Answer. In July, I think, Mr. Barney introduced Mr. Hussey to me, and said that he (Hussey) had information about smuggling and blockade running, and he wished I would attend to it. Consequently I had several conversations with Mr. Hussey at the office about it. Some time after he was first introduced to me he said he had got hold of an old Jew who could give us a great deal of information and assistance. Our conversation originally was about these blockade runners and the smuggling of merinos from Canada. Mr. Hussey said he had information about it, and he showed me some letters from Montreal about it. What made me think there was something in it, was the fact that we received letters from some French houses here in New York, which I have got now, referring to the same thing, and stating that large quantities of merinos were being bought up in France, and that the whole market there was being swept out by

Englishmen. They suspected that they were going to smuggle them into this country through Canada, for they could not tell what they were going to do with such quantities of merinos unless it was so. That, with the information which Mr. Hussey gave me, led me to think that there was something in it. I spoke to Mr. Barney about it at the time, and also to Mr. Harrington, the Assistant Secretary of the Treasury, who was here at the time, but he was not very well, and said he did not want to be troubled about it. We talked about sending up Mr. Hussey or somebody else to the frontier, and Mr. Hussey brought in and recommended a Captain Perkins as a man who was acquainted with all the merchants in Montreal, and knew all about this business. Mr. Barney did not seem to be inclined, and I could not get him to say that he would send anybody up there. We talked about it a good while, but nobody was sent up. I had no means myself to send anybody up, and so no one was sent. Mr. Hussey said he had got hold of an old Jew and wanted to introduce him to me; that he had been in with the blockade runners, but his partners had cheated him, and he wanted to make himself square by having their goods seized. I went down to New street, to have a conversation with Myers, (the old Jew.) I think I met him three times. He began by telling the same story which Hussey had told; that he had been cheated out of \$70,000 by the blockade runners; that he had acted as their agent in bringing their orders and exchange to New York and in doing their business; that these parties were still engaged in running the blockade to Wilmington and Charleston, shipping their goods to Bermuda and Nassau, and he now wanted to consult with me as to what goods and other property could be forfeited, and see whether he could have a share of the forfeiture if they were forfeited. Hussey was to be the legal informer, and he (Myers) was to give the information, but did not wish to be known, and he and Hussey were to share the informer's portion. I told him I would see about it, and I consulted a lawyer at that time, (Mr. Hussey went with me,) to see whether we could confiscate exchange. Myers said he would go to Nassau and get these orders in his hands, as he had done formerly, and get their exchange, which he said was always indorsed, and would bring it here, and if we could confiscate exchange he would put it into our hands; and if we could not do it, he would get such information about the orders for the goods before they were delivered to the ship, that when the goods were shipped we could have proof that they were really going south, and we could then confiscate them. He wanted me to give him a letter to the consul at Nassau, and Hussey talked with him about it several times. I told Hussey that I could not do it; that I did not have much confidence in a man who was ready, as it appeared by his own statements, to take into his hands the property of those men who he pretended were his friends, and then turn upon them, and I did not believe we could place any reliance upon his statements. I was unwilling to give him any official letter which he had asked for, and yet I did not want to break off with him, in hopes that something possibly might come out of his information. Myers said that the American government had a great many spies out at Nassau, and he was afraid that they would trouble him, knowing that he was a blockade runner; that if he got this property into his hands the officers of the United States army or navy might seize it there, and they might also seize it here, and therefore he wanted to carry out a letter to the consul with him. I told him that I did not see why he need be afraid of the United States spies interfering with him at a port under the English government, and when he got here he could be protected by the authorities here. It was at the second interview that he advanced this idea about the letter. The third time I saw him was just before the "Corsica" was going to sail, in which he expected to go to Nassau. He wanted me to advance him a thousand dollars in gold, and he said he could not go unless it was done. I told him I had no money to advance him, as I had no government money for that purpose, and I could not advance it out of any money of my own; that he knew more about

this plan than any one else, and as he was going to have the informer's share and as I had no interest in it, he must run the risk of his expenses; that he must pay his own expenses, or else we should not have much confidence in his statements at all. He still talked a good deal about having confidence in him, and insisted that he would not carry out the plan unless he had this thousand dollars in gold advanced to him, and I finally told him if that was the case there was no use in discussing the matter any further, and I left him. That was, I think, some time in August. I did not see him again to speak to him until after the seizure was made on board of the "Corsica" except once; I met him accidentally in Mr. Denison's office, about the 25th of October, he having been sent for to make a statement to Mr. Jordan. I then had no conversation with him about any business, and never inquired what he stated to Mr. Jordan, because after he endeavored to obtain from me the thousand dollars I regarded him as a swindler.

By the chairman :

Question. At these interviews in August did you make any proposition other than what you have stated?

Answer. No, sir.

Question. Did he propose that if he would ship goods to Nassau and give bonds, you should have those bonds cancelled?

Answer. No, sir. Nothing was said about bonds, or about his shipping any goods anywhere.

Question. And did he also suggest that a large amount of money might be made by you by getting parties to ship goods to Nassau?

Answer. No, sir. All the conversation was about orders and the exchange he proposed to put into our hands; and then if those parties shipped to Nassau and Bermuda, we should have evidence that they were going south. These were the only points or propositions discussed. Nothing was said about any bonds whatever at that time or any other time. I did not see Myers again until after the seizure of the Corsica, except, as before stated, accidentally, which was made under the direction of Mr. Denison, who had really the control of the matter. At that time I was very busy preparing for the trial of the José, to which, as far as possible, I gave my exclusive attention. After this seizure Myers came in to see me; that is, the seizure of property on board the Corsica. I had not seen him from August until October, that I remember. This seizure was the last of November. He wanted me to help him to get the property that was taken away from his son-in-law, (Israel E. Woolff.) He said that this Israel E. Woolff had never been engaged in blockade-running, but that George Woolff had; and if I would help him to get the property of Israel Woolff out of Mr. Denison's hands, he (Myers) would swear against the property of other persons that Mr. Denison had taken from this same vessel. I paid no attention to his offer, because I did not give his statement any credit whatever. I think he came a third time into my room, wanting me to get those papers; and when he found I would not do it, he went away threatening me. These interviews were in the presence of the clerks in the room. I never had an interview with Myers except in the presence of a third person. I think that is the last time I ever spoke to him until recently, when he was in the custom-house trying to ship goods to Nassau.

Question. What did he want to ship?

Answer. He had an assorted shipment of about \$4,000.

Question. Did you have any interview with Myers, after the seizure of the José, about the José?

Answer. I never spoke to him after the seizure of the José, nor he to me, with reference to that seizure, or as to the terms upon which she could be given up, or anything of the kind. I never spoke to him about the José. I would like to state what did take place. In the first place, I would like to state that

my connexion with the José was entirely accidental. It happened in this way : Mr. Franklin, deputy naval officer, came to me one day, (it must have been some time in the latter part of September,) and told me that Mr. Denison was out of town, and that there was an inspector, by the name of Adam Roediger, to whom Mr. Denison had furnished some money to work up a case, who wanted some more money, and Mr. Franklin wanted to know if I could get him some in any way. As I do not believe these statements generally when a man wants money, and as this was not a matter coming within my division, and it was not incumbent upon me to go out of my way, especially to pay out money, I did not think it best to do anything about it. The next day Mr. Franklin came again, (Mr. Denison having not yet returned,) and said : "This fellow says unless he has more money, the money he had already spent would be lost. Can't you help this man to get his month's pay advanced to him, because he is willing to spend his own money ?" I went down with him to the surveyor's room and got his bill for the month approved by the surveyor, and went up to the auditor's room to get his pay for him, having to state the reasons why I wanted it. I got his month's pay advanced to him, having some confidence that there was something in it because he was willing to spend his own money, and he went away to work up the case ; and on account of my getting him this money, he began to make reports of his proceedings to me and take my advice. That was the way I happened to have anything to do with the José. Afterwards I loaned him some money out of my own pocket, which I have never got back. He went on obtaining evidence, and it resulted in Mr. Denison ordering the vessel seized. From that time my connexion with the seizure of the José ceased, until I took charge of the ninth division, October 28, excepting my advising with Mr. Denison as to the proper course to be pursued to hold the vessel for trial. I had no legal connexion with the seizure, because that matter belonged to Mr. Stanton's bureau, and I had no power or management over it in any way. After she was reported to the United States district attorney, of course no arrangement could be made by us about giving up the vessel. From the time of the seizure until reported to the district attorney she was in the hands of Mr. Stanton, and he reported her to the district attorney, when it was found the naval officer was determined she should be prosecuted for forfeiture.

The only negotiation I ever heard of about giving her up was four or five days after the seizure, when I was very anxious about it, and afraid that the vessel would be given up on account of the threats that were being made against Mr. Barney. I saw that Mr. Stanton was in favor of giving her up, and I sent for Hussey and asked him if he could not go around and get some additional information, because some of the information we had seemed to be too weak in this respect—that we could not use it legally, and it was second-hand, and I wanted to get hold of something which would induce Mr. Barney to feel that he was right in the seizure. Mr. Hussey came in, and I asked him if he could get me some information about her. He said, "I think I have done enough for the government for nothing." I said, "I have no means of paying you, but if you could give me any information I should like it." He went away, and upon that day or the next, I think the same day, he came back and said, "These José fellows are scared, and I think they will pay the appraised value of the vessel if it is not over \$20,000." I replied, "If they have a mind to make the offer I should have no objection, to satisfy the collector that the vessel was guilty ; but the vessel could not be given up under any circumstances upon any payment, because it would not be right for us to take the money and afterwards refuse to let her go to sea, and she could not be allowed to proceed to sea." That conversation with Hussey was the only conversation in which I heard anything of this kind. The only sum mentioned there was \$20,000. Whenever the appraised value is paid, it is into court, if the amount exceeds \$1,000. I had nothing to do with the José legally until after Mr. Stanton left the cus-

tom-house, when his bureau devolved upon me. Whatever I did previously was assisting Mr. Denison, he complaining that he could get no aid from the collector's department. I prepared for the trial, got a lawyer myself to manage the case without cost to the government, and used my best endeavors to condemn her.

Question. Has Mr. Myers attempted to ship goods recently; and if so, with what results, and under what circumstances?

Answer. About the 2d of this month he brought in a manifest, of the value of about \$4,000, of articles the largest portion of which are such as are found on board of vessels captured running the blockade. He executed his bonds so far as this: The captain had signed it, and he himself had signed it as one of the sureties, but it required another surety to make it satisfactory. The collector sent for Mr. Runkle, who now has this matter of bonds in charge, and he was not in the room. The messenger said Mr. Runkle was not in; went back and asked Mr. Barney if I would do; came again and asked me to come into Mr. Barney's room. I went to the collector's room and found Myers there. Mr. Barney referred Myers to me. I inquired what business he had with the office. He commenced to make a statement, and I then informed him that any statement he had to make must be made in writing, as I would not receive it unless in writing. He then said his business had reference to a shipment, and the manifest was in writing, consisting of an account of goods intended to be exported to Nassau. I then informed the collector that Myers was a blockade-runner; that he had acknowledged to me and to others that he had been engaged in that business; that his character in other respects was bad, and that he couldn't ship goods to Nassau with my consent. I also informed the collector, in Myers's presence, in what respects I knew his character to be bad, and that he was guilty of perjury. The collector said he was ignorant about the matter, and he must see Mr. Embree respecting the proposed shipment. Myers immediately left the custom-house. I was then certain that he had sworn falsely in an affidavit; and I soon afterwards obtained proof of his false swearing, which made it appear certain to others. I examined the bond received on Myers's proposed shipment to Nassau, which he had signed as surety, and found that he had made an affidavit, in order to render himself acceptable, that he was owner of a house in New York which was therein particularly described. From my knowledge of his character I was satisfied this affidavit was false, and I caused an examination to be made running back twenty years, and found no real estate had during that time been recorded in his name. It was also ascertained that a Mrs. Davison was owner of the house referred to in Myers's affidavit, at the time it was made, and that she had been the owner of it for ten years. I have an affidavit of these facts made by the searcher.

Question. How did the matter finally terminate?

Answer. I sent some officers to the vessel in which Myers had laden his goods, for the purpose of an examination. The shipment consisted of hay and other articles. Information had been received from Nassau that telegraph wire was shipped there from this port, concealed in hay. The hay and some of the other goods were examined, but, according to the report made to me, nothing was concealed therein.

Mr. Church, assistant collector, informed Myers that he would not be permitted to ship the goods. Soon after a person inquired of me, if he should purchase the merchandise of Myers, it would be allowed to proceed. Regarding such a proceeding as a collusion with and mere cover for Myers, I informed him that we could not stand such humbug; that the goods should not go; and they did not go, with the exception of a small portion which could not be discharged without landing the whole cargo and entailing expense upon other parties regarded as innocent.

I never gave my consent to the shipment of any portion. After Myers ascer-

tained the shipment could not be made, he came to the office and endeavored to get possession of the bond before referred to. I had, however, taken good care of that document, putting it in my pocket as soon as I discovered it, being satisfied his affidavit was false, and fearing to leave it in the office, lest some one should break open my premises and steal it. I was told by the clerks that he had been there several times to get it, and another person inquired after it, and subsequently for his residence, with a view, as I believe, to cause the bond to be referred to in which his residence was stated, (though, as afterwards appeared, falsely,) either for the purpose of grabbing it or of ascertaining where it was kept, Myers claiming he was entitled to it.

This bond suddenly became important, because it proved Myers a perjurer.

Mr. Runkle came to me and said Myers wanted his bond, and I told him that no man in the United States could have it.

I herewith submit a copy of a letter referred to in my former testimony, written by me with a view to securing the recording of every bond taken.

CUSTOM-HOUSE, NEW YORK,
Collector's Office, November 13, 1863.

SIR: In order to be sure that bonds required by you on shipments of merchandise to certain foreign and domestic ports are really taken by this division, I have directed the chief clerk, Mr. Waddell, to certify on the manifest or request to ship, "bond taken," and also that the recording clerk, Mr. James W. Ward, add his check, "bond recorded."

Please regard your request to take bond as not complied with, without both of these checks.

Very respectfully, &c.,

A. HANSCOM,
Deputy Collector, temporarily in charge 9th division.

MR. EMBREE,
Deputy Collector.

Evidence of George Denison.

WASHINGTON, January 27, 1864.

George Denison, a witness, was sworn and examined as follows:

Questions by the chairman:

Question. Are you connected with the custom-house at New York?

Answer. I am naval officer of the port of New York.

Question. I will read to you the resolution by which the matters connected with the New York custom-house were referred to this committee:

"*Resolved*, That the charges recently made of official misconduct in the New York custom-house in regard to alleged shipments of contraband goods and supplies, and all matters of alleged misconduct in the management of the affairs of the custom-house at New York, be referred to the Committee on Public Expenditures."

I would inquire how long you have been connected with the custom-house as naval officer or otherwise?

Answer. Since the first of June, 1861.

Question. There are two principal points to which the committee desire to direct your attention at present: the blockade-running business from New York and the parties connected therewith, and then the matters known as Mr. Palmer's transactions. Your name was given to the committee as one who could explain the routine which parties must pass their business through in order to effect their purposes of running the blockade. Please state to the com-

mittee what knowledge you have in reference to those matters; how long and how they have been going on in New York.

Answer. The manifests of all vessels sailing from the port of New York, after passing through the collector's office, go into the naval office and are there checked by the naval officer. It is his duty to see that the requirements of the law are complied with as to form.

The second section of the act of May 20, 1862, provides that in the shipment of goods to a foreign or domestic port the owner of the vessel or the captain shall give a bond to the collector, in the value of the goods shipped, that the goods shall not be used in any manner to aid the rebellion. The section of the act is as follows:

"SEC. 2. *And be it further enacted*, That whenever a permit or clearance is granted, for either a foreign or domestic port, it shall be lawful for the collector of the customs granting the same, if he shall deem it necessary, under the circumstances of the case, to require a bond to be executed by the master or the owner of the vessel, in a penalty equal to the value of the cargo, and with sureties to the satisfaction of such collector, that the said cargo shall be delivered at the destination for which it is cleared or permitted, and that no part thereof shall be used in affording aid or comfort to any person or parties in insurrection against the authority of the United States."

By that section the bonding is under the direction of the collector, and the security is to be satisfactory to the collector. When the manifest is presented to the collector, if he requires bond, it was transmitted to Henry B. Stanton, deputy in charge of ninth division, who received the bond and indorsed thereon "Bond given.—H. B. S." If the manifest had that check on it the vessel was allowed to have a clearance.

By Mr. Rollins:

Question. The bond, then, did not come under your observation?

Answer. No, sir; my duty was discharged when I saw the proper requirements had been complied with.

Question. The only evidence you required was the memorandum of Stanton?

Answer. That was all so far as the bond was concerned; yet I frequently detained clearances on account of reports which came to me from various sources; and, when questionable merchandise was being shipped and by questionable parties, I would detain it and make an examination, and have an overhauling of matters by the officers whose duty it was to look after those things; and I tried sometimes, in connexion with Mr. Stanton, to trace these goods. I became satisfied, from reports from various sources, that these goods found their way into the seceded States, and suggested the idea of sending parties down to Matamoras and other places to get information for the guidance of officers in the New York custom-house. Mr. Stanton favored it, and there was a correspondence between him, as he stated, and the department; and the reason he gave me for not pursuing it further was the objection made by the British legation that we were placing such restriction upon foreign commerce as would get us into difficulty. Mr. Stanton had the sole, I may say exclusive, control of the taking of the bonds, &c. He also passed upon the sufficiency of the securities. This branch of business he seemed to take especially to himself, although not in communication with foreign consuls at Bermuda, or Nassau, or Matamoras; yet, from parties returning from those places, I became satisfied that there was a large amount of goods going from New York directly to those ports. I had great confidence in Mr. Stanton from his position in the political party to which he belonged. He had been prominent, and his position was very well defined, and I thought, of course, there was every assurance that he would use his best endeavors to throw about this trade all the obstacles he could without harassing legitimate business.

Some time in August or September last I was called upon by a person, who gave me some information. I will state that, prior to this, I had heard from several sources, which I thought entitled to consideration, that the business of Mr. Stanton's bureau was not properly conducted. This person was J. B. Hussey. He called on me and stated that parties shipping goods to Bermuda, Nassau, and Matamoras, were able to buy up their bonds, as he termed it, of the bond bureau. He stated that in some instances the parties would come to the custom-house and execute a bond, and, after the vessel was cleared and before she got out of the harbor, the party giving the bond would pay a consideration to the party in charge of that bureau and receive his bond. He said he had seen some such bonds, and he could show them to me. I then conferred with the collector on the subject. The collector said he could not credit any such thing; that his confidence was such that he could hardly entertain any such suspicion; that he had much confidence in Stanton, and not much in the source of information. He said that a party had been to him, and that he had referred him to his deputy, Hanscom, and *he* did not credit it. I saw Hanscom, and he told me this party had been to him; that he had spent considerable time upon the matter. Coupled with this information was a project of sending a party to Nassau to procure further information. This information was to be given upon the condition that arrangements could be made to send a man to Nassau to get information. And then there was a certain amount of money to be advanced to pay expenses. Hanscom looked the matter over, and finally said he could not get out anything satisfactory from the statements. He told me of these facts.

I had an intimation from another source of the same thing, and determined to make an investigation. I set about it in connexion with this man and Hanscom, and it was attended with great difficulty. Parties doing this sort of business have great dread of an exposure, and they communicate all facts with the greatest possible hesitation, and it was only upon the most positive assurance from me to the party who had transacted this business as an agent of the shippers, that his name should not be used in connexion with this matter, that he should be held harmless if he would furnish the information by which the government should be enabled to ascertain the facts for its protection. He said that the parties in trade with Bermuda were an old established house; that they were natives of Bermuda; that they had been doing business a long time; that they had no connexion with blockade running, and no sympathy with it, but that they did not want to be deprived of their legitimate trade, and he accepted things as they were. He said he felt badly about it, that he had been connected with it, and that these men did not know what to do; he finally found that these bonds could be bought, and purchased them.

After spending some weeks to get at this matter, and to get it into shape so that I could have the confidence of this man, he took me to his office and showed me six or seven bonds which he had purchased, and for which he had paid some two thousand dollars. He paid the money to a broker. The negotiation for the bonds was had while this person stood in the rotundo of the custom-house, and the broker went from Mr. Stanton's room back and forth to him. In one instance before the vessel had gone out of the harbor, one or two bonds were brought to him, for which he paid the money.

Question. What was the broker's name?

Answer. Henry Smith. After getting these facts I telegraphed to the Solicitor of the Treasury, and he came at once to New York, and we got hold of all of the facts we could at that time.

In the investigation of that case, I came across a party who had been shipping goods to Nassau; who had been there and engaged in running the blockade, and had been in Wilmington and Charleston several times. I succeeded in getting this party to make a statement by giving him the same assurance I

had to the other party, and by presenting to him the alternative of either giving the information or the consequences of his proceedings. Rather than go on with the controversy and take the consequences, he consented to give me a full statement of all the parties in Nassau, Wilmington, and in New York. He put the matter into the form of an affidavit. His information did not cover all the facts, but it was some assistance, and gave me the first tangible clue to the business of blockade running in connexion with New York.

Then there came the seizure of the steamer José, formerly the steamer Eagle, which was caught in running the blockade in Florida, and brought into New York and sold. Perhaps she was condemned in Florida; but at any rate she was brought to New York and sold. She was purchased ostensibly by Joseph Eneas, who has resided in New York some eighteen years, and married an American wife; he claimed to be a British subject. His wife owns his American ships, and he owns the English ships. He claimed, as an English subject, that he had a right to purchase blockade runners, and to sell blockade runners to parties who wanted them, and also to sell goods to parties who wanted to run the blockade. I got information in reference to the José, and in prosecuting the investigation of the surrounding circumstances, I came across this proof: That a person came from Montgomery, Alabama, to New York, with letters of introduction to John Burhams, in New York, from his son, residing in Charleston, South Carolina. This party ordered a buggy wagon to be made in New York, with his initials painted on the panels, and also a harness with his initials on that. He stated to the parties he purchased of, that he wanted this wagon and harness to use in Montgomery; that he had some valuable horses, and that he had made large sums of money by running the blockade; that this was his last venture; and that he had brought money on to purchase the José. He bought this wagon and harness, and also various other things. Mr. Eneas claimed to own the José and her cargo. He swore that he owned the whole; the vessel was cleared for Havana. When the vessel was sold by Mr. Benner, the agent of Mr. Clapp, marshal of the southern district of Florida, Benner made out a bill of sale in blank. Eneas claimed to be a British subject; and holding that position, he claimed he could do anything with the vessel he chose.

From the information I had obtained, I was satisfied there was a large number of people who were going to and from Nassau to New York on board of English steamers—the Corsica, the Governor Bailey, &c. I was thoroughly satisfied of that fact from the information of the parties I had used in working up the testimony in relation to the José; and I made an arrangement with the collector and surveyor to detail an extra number of men, on the arrival of the Corsica in November last, in order to board her off Sandy Hook. I had learned through these sources that it was customary for parties to come ashore, when the health officers were going on board at Staten Island, with important despatches, and then to take the ferry-boat from Staten Island to New York. I learned from one person that he had been in the habit of taking letters in that way, and of distributing them in New York; also, orders from Nassau for goods, and letters from the southern States. In order to get all the information I could, the Corsica was boarded, before reaching Staten Island, for the purpose of searching her thoroughly, and also every person on board of her. That arrangement was carried out. The vessel and passengers were thoroughly searched, and a very large number of letters direct from the southern States found. Persons on board had very considerable sums of money in bills on southern banks, in bonds of southern States, with some sterling exchange and some gold.

Among the passengers was Mr. George G. Wolf, of the firm of A. Wolf & Co., of Nassau. He has partners in New York—A. Hoffnung and Lewis Benjamin. Wolf had in his carpet-bag southern bonds, sterling exchange, and gold,

the sum of eight or ten thousand pounds. I knew he was engaged in blockade running. Indeed, he averred it, and stated in my office he was an English subject, and would run the blockade when he pleased, would do as he pleased, and defied this government, or any other, to interfere. The English consul at once communicated with the collector somewhat urgently, and I believe this party applied to Lord Lyons, who made the subject a matter of correspondence with the Secretary of State. The consul wrote several letters, and the collector thought, as the case stood, that Mr. Wolf's property should be given up. I was very averse to it; but my position was such that I deemed it more prudent to give the valuables up at that time than to retain them. Had I been in possession of the knowledge I have since obtained, I should not have consented to give them up.

At that time this Mr. Wolf gave the collector notice that he should load a vessel for Nassau and clear her without bonding. There is a letter from his consul on the subject. He notified the collector that he did not intend to be annoyed in his business by the New York custom-house, and that he should do as he pleased. This was after his property had been delivered to him.

He managed, in leaving New York right at that time, to take to Nassau 105 bales of blankets; and I have a copy of a letter from a party in Nassau who says those blankets contained sabres rolled up in them, and that at that time there were shipped bales of hay which contained coils of telegraph wire. This letter has been received within the last week. Those 105 bales were taken on the Governor Bailey, a British steamer. They were entered in bond in the warehouse department, and taken out as such.

After I commenced investigating the matter in reference to the bonding of these goods, I suggested to the surveyor, and he detailed officers by the consent of the United States marshal, to examine the cargoes of steamers which were caught running the blockade when they were discharged, and to make a return for my use, with the marks and numbers of the packages. The steamer Margaret and Jesse was caught running the blockade and brought to New York. The officers detailed made an examination of the cargo and their return was sent to my office. Comparing the marks and numbers of the packages constituting this cargo with the bonds taken in the collector's office of the parties who had been shipping goods from New York to Nassau, I found on board the Margaret and Jesse the marks and numbers of goods which I identified to be the same shipped by Louis Benjamin and A. Hoffnung from New York. I found that the bond given by A. Hoffnung, No. 4712, amounting to \$28,796, covered the goods shipped by Hoffnung, which goods were landed from the Margaret and Jesse, the vessel seized in running the blockade. Those goods are now at the Union stores at Brooklyn.

That bond is signed by Wm. A. Smalley and Louis Benjamin, as sureties. On a subsequent examination I ascertained that that bond should have been given for \$83,757 72, whereas it was given for only \$28,796. The goods covered by that bond were bought on the order of Major Walker, an agent of the confederate government, and now in St. George's, Bermuda.

This Mr. W. A. Smalley, spoken of, was a debenture clerk under the surveyor up to the 15th of December last. At the time of the execution of this bond he held that office. He was a very intimate friend of A. M. Palmer, private secretary of the collector. Palmer and Smalley were together about the building. Mr. Smalley, for two or three years, was standing about Mr. Palmer's office, talking to applicants for office, &c. He was busy about there, and I found, in the examination of these bonds, that Mr. Smalley had taken Mr. H. B. Stanton's place at times. There is a large number of these bonds upon which Smalley appears as notary public, before whom the acknowledgment was taken. There is also a large number of these bonds upon which Palmer appears as notary public. There was a known intimacy between Mr. Palmer and Mr. Smalley; they were familiar with the business of this bond desk; and it is an

ascertained fact that they were very intimate with Mr. Louis Benjamin. All those parties were on very intimate social relations, as will appear by Mr. Smalley's affidavit. I had heard from Nassau—I saw it stated in the Bermuda Herald, and heard it from other sources—that it cost Wolf a great deal of money to get his goods through the custom-house. Mr. Wolf stated that it cost him five hundred pounds to clear the A. V. Goodhue. In giving the orders, Wolf stated to the parties that he had facilities for getting goods through the custom-house.

From all these facts taken together I deemed it proper to lay the information before General Dix, in connexion with the marshal. The marshal had information in relation to Eneas and J. C. Rahming, who had been largely engaged in the shipment of goods. The facts were laid before General Dix and he issued an order for the arrest of Louis Benjamin, Wm. A. Smalley, Joseph Eneas, and J. C. Rahming.

WASHINGTON, *January 28, 1864.*

George Denison recalled and examined as follows:

Questions by the chairman:

Question. In your testimony yesterday, you spoke of some bales of blankets and of hay shipped to Nassau. How could those bales of hay, covering telegraph wire, be cleared from New York without being discovered?

Answer. Parties desiring to ship goods to Nassau, Bermuda and Havana, or to ports opened by the proclamation of the President in the States in rebellion against the United States, come to the custom-house with a list of the goods which they propose to ship. That list of goods is submitted to Mr. Embree, the deputy collector in charge of the clearance bureau, so designated, under the collector. Embree makes a careful examination of the goods, and marks such goods as are contraband and absolutely prohibited by the proclamation and the law, and also such goods as can be shipped by the giving of bonds. The parties put the goods on board a vessel, and the manifest of the ship is made out, containing a specific statement of those goods by marks and numbers of the packages and cases. This ship's manifest is taken to the deputy collector in charge of the bonding of goods, and he makes out the bond, designates the security, and he is the party who must be satisfied. Under the law the security must be satisfactory to the collector; and the deputy in charge of the division is, in effect, the collector. On his being satisfied of that, and of the execution of the bond, he writes on the manifest where it has been checked for bonding by the clearance deputy, the words "Bond given," and signs it with his initials. That manifest is then brought into the naval office and examined by my clearance clerk and deputy, and if found to comply with the law and regulations, it is checked by those parties and given to the captain, and the vessel is cleared. I do not know of any shipments of specific articles. I know that in the course of business the manifests must show to my office that the requisite bonds have been taken, and I know furthermore that the manifests have been examined, and if there has been any oversight on the part of the collector's clerk in leaving out articles contraband of war which should be bonded, the manifest is sent back by my clerks to the collector, and the error is corrected. This explanation of the mode and manner of doing business is the only explanation I can give of that hay shipment. In the ordinary course of business, when parties come to the custom-house to ship hay to any of the ports included in the proclamation of the President, or to a foreign port, they would give a bond for the hay, and the hay would be cleared. Goods themselves when exported are not examined, unless there is information that the manifest is fraudulent.

Question. Will you furnish to this committee, as a part of your testimony, a summary of the report made to you by your special deputy, C. S. Franklin; a

copy of the affidavit of Captain Byrne, referred to in your previous testimony, and a copy of the abstract of bonds which have been exhibited to the committee, marked "D"?

Answer. I will.

The witness subsequently furnished to the committee.

Testimony of De Witt C. Graham.

NEW YORK, February 29, 1864.

DeWitt C. Graham, a witness, was duly sworn and examined as follows:

Questions by the chairman:

Question. Are you connected with the New York custom-house?

Answer. Yes, sir; I am inspector of customs.

Question. How long have you been such?

Answer. Going on fifteen years.

Question. What are the duties of your office?

Answer. Our duties are numerous. As inspectors we are detailed by the surveyor of the port to perform certain duties principally connected with seizures and the boarding of vessels on their arrival here.

Question. Do you proceed in boarding vessels from your own knowledge?

Answer. We are regularly assigned to that duty. On the arrival of a vessel we are telegraphed the fact, and we immediately repair to the vessel.

Question. Who gives you instructions?

Answer. The surveyor of the port, in reference to that duty, and he frequently accompanies us.

Question. Does he give the instructions invariably?

Answer. Yes, sir.

Question. Do you ever receive any from Mr. Barney?

Answer. I have never received any from him. All my instructions come through the surveyor.

Question. Any instructions from Mr. Denison?

Answer. I never received any from him.

Question. From whom do your instructions come in reference to examination of stores and the seizure of goods therein?

Answer. The orders generally, and almost invariably, come from the naval officer. Mr. Kirk is special aid to the surveyor, and at the same time is detailed at Denison's office to communicate with our office, and I know that frequently orders come from the naval officer to us through Mr. Kirk. He is the agent between the naval office and the surveyor's office and us.

Question. State to the committee what your instructions are where you make seizures on land and on board of vessels.

Answer. Frequently the surveyor makes direct communication to us that he has information that certain parties are expected to arrive here in a certain vessel from a foreign port, who had dutiable articles, or would be likely to have such articles concealed in his baggage or around his person. With that information we proceed to the vessel upon its arrival and overhaul the list of passengers. If we find the party we trace him out and examine, not only all his effects, but his person.

Question. How do you proceed on land?

Answer. In most instances where we are called upon to act upon land it is in consequence of false entries made out at the custom-house. A warrant is obtained, and generally four or five of us in company go to the store. Formerly we were accompanied by the naval officer and surveyor. After that we were accompanied by the deputy naval officer and deputy surveyor. More recently we have gone without the naval officer or his deputy, and are accompanied by

Mr. Brown, deputy surveyor. Previous to starting, Mr. Brown is generally sent for by the naval officer to receive instructions. Sometimes I have received instructions directly from Mr. Franklin, deputy naval officer, and from Denison, naval officer.

Question. Can you tell us what those instructions are in a given case?

Answer. Formerly we went for the purpose of making an examination of papers and books, but subsequently it was determined to let the naval officer make the examinations after the books and papers were brought to the custom-house. As I generally considered it, we were sent on an errand to make a *grab* of whatever we could lay our hands upon in the shape of books and papers. No examinations of books and papers have been made by us recently. We are sent to take the books and papers by force, if necessary, from the parties.

Question. Do you yourself know whether these examinations or seizures are not sometimes made on suspicion?

Answer. I believe that in nineteen out of twenty cases the seizures are made without any reasonable ground of suspicion.

Question. Do you mean to state just what you say?

Answer. I believe that in nineteen out of twenty cases there is not sufficient ground. I mean by that to say that if the magistrate who is applied to to issue the warrant were to inquire of the applicant what information he was acting on, he would refuse the warrant.

Question. Who makes the application for the warrant?

Answer. Whoever is directed. Of late I have refused. Formerly, under Hart, I made application for warrants, and made the affidavit. Hart was careful to give me instructions. He would call me into his office and show me where the invoices appeared irregular, and upon such information I would obtain the warrants. But when I found that the affidavit was not based upon sufficient grounds, I declined to make it.

Question. Who makes it now?

Answer. Mr. Kirk has made it very recently. Kirk and I had a conversation in reference to making these affidavits, and I told him if I were in his place I certainly should not make an affidavit until I had more definite information upon which to found it. He informed me that he communicated that to Denison, and that Denison said hereafter he should be satisfied before he was directed to ask for a warrant. It has been a question among ourselves why we should make an affidavit where we had not sufficient ground, and when I found I was being used for that purpose, I determined not to do so any longer.

Question. Did any particular circumstance occur which induced you to decline?

Answer. No, sir. I saw they were getting very loose in the matter, and that they directed me to go without sufficient information to satisfy my mind. I suppose they were merely acting under suspicion, and I believe in some instances, if I had been asked by the magistrate if I had sufficient ground, I should have been obliged to have answered "no." As soon as I discovered that was the case, I declined to make affidavit.

By Mr. Rollins:

Question. Who gave the orders for procuring the warrants?

Answer. The naval officer or his deputy. I do not recollect of an instance where the surveyor has directed me to get out a warrant for searching a store.

Question. Has there not been more frequent attempts at fraud upon the revenue since this rebellion commenced, and has not that made necessary more rigorous measures in the matter?

Answer. I do not know that attempts have been more numerous. When Mr. Hart was surveyor our business was greater than it is now—that is, that branch

of it. We have not been called upon for some months upon this store duty ; I suppose it was because of the anticipation that this committee would come here.

By the chairman :

Question. Had you anything to do with the seizure of the goods of Eneas and of Benjamin ?

Answer. Yes, sir ; something.

Question. You stated that in nineteen out of twenty cases you think seizures have been made without reasonable ground ?

Answer. Yes, sir ; I think if upon application made to the magistrate for a warrant we had stated the grounds of our application, the magistrate would have refused the warrant, although it turned out in some instances that a fraud had been perpetrated.

Question. I want to know whether you have any knowledge of this thing having been done in any instance for any purpose than appeared on the face of the transaction—whether from vindictive reasons or for the purpose of obtaining money ?

Answer. I do not.

Question. Did you ever have a suspicion that such things have been done for that purpose ?

Answer. I believe the object has been to obtain money.

Question. By whom, and for what purpose ?

Answer. By those most interested in it.

Question. Do you mean by that the officers of the custom-house, in order to obtain their *pro rata* share ?

Answer. I think they may have been actuated by a desire to guard the interest of the government, and at the same time to fill their own pockets.

Question. Have you any reason to believe, and do you believe, any of these seizures had been made with the expectation of their being compromised for that purpose ?

Answer. I cannot say that I know that any such thing has occurred.

Question. I ask you whether you have reason to believe it ?

Answer. I cannot say that I have. I believe these parties desire to obtain money, and I believe they desire to protect the government.

By Mr. Le Blond :

Question. In any single instance in which you were directed to make seizures were you so directed without the proper officer assigning a reason why it should be done ?

Answer. An instance occurred recently, the case of Eneas, in Maiden lane. In December or January last I accompanied Brown and Isaacs to the store of Eneas. Shortly after we reached there we commenced examining his papers. I asked Brown, the deputy surveyor, what papers he wanted. He said he wanted the papers relating to Nassau and Bermuda. Benedict, Eneas's lawyer, came there and wanted to know by what authority we were there. I asked Brown what authority we had to go there. He said he had received none ; he said he had received some instructions, and was told that General Dix had issued an order. I suggested that a note should be addressed to Denison, the naval officer, asking him to designate in writing what papers and books he wanted. Brown addressed a note to Denison, and Denison sent a note to him, and thereupon the matter was suspended, and we left the store, leaving it in charge of the marshal and two regular officers. Benedict, while there, threatened us with a suit ; said that we were there without authority, and that Dix had issued no order. Brown said he had no authority, and that he had received his directions from the naval officer.

Question. Is that the only instance you remember in which you have acted without some information going to show that there was some ground of suspicion?

Answer. We generally acted under a warrant, but we had none in that instance.

By Mr. Rollins:

Question. Why were you not armed with a warrant?

Answer. Mr. Brown said General Dix had issued an order. I asked him if he had a copy of it; he said he had not. I then told him I should decline acting further until he got an order to proceed with the examination, or until he wrote to Denison asking him to designate what books and papers he should take.

Question. Was it your opinion there was no sufficient ground of proceeding in that case?

Answer. I did not know whether there was or not. For my own protection I wanted some written authority.

By Mr. Le Blond:

Question. What did you mean by saying that in nineteen cases out of twenty reasonable cause was not shown to the magistrate when applications were made for warrants?

Answer. The idea I intended to convey was this: that, with the information I had, on going to ask for a warrant from a magistrate, I would not have been disappointed or surprised if the magistrate had refused to grant the warrant upon the information I had in nineteen cases out of twenty.

By Mr. Rollins:

Question. In what proportion of these cases has the suspicion proved to have been well founded?

Answer. In a great majority of them, though *prima facie*, there was not a good cause, and sufficient information was not given to me. The result, however, showed that the suspicion was well founded in a great majority of cases.

Question. What is your compensation?

Answer. Three dollars a day.

Question. Do you have any perquisites?

Answer. I receive mileage for boarding vessels.

Question. How much?

Answer. Ten cents a mile where we go to quarantine for the purpose of boarding foreign vessels.

Question. Do you receive any gratuity?

Answer. No, sir.

Question. Do you take any?

Answer. The custom here is usually to give us a present at the end of the year. The collector, naval officer, and surveyor have joined together and for several years past given us a hundred dollars apiece.

Question. Do you ever receive anything from passengers, owners of vessels, owners of goods, or importers?

Answer. No, sir.

Question. What do the fees for mileage amount to a year?

Answer. On an average, I think about thirty-four dollars a month—about four hundred dollars a year.

Question. Do you mean to say that the present you receive from the officers, the four hundred dollars received from mileage, and three dollars a day is all the compensation you have ever received from all sources since you have been in office?

Answer. Yes, sir, in the line of my duty.

Question. Have you received any gifts or presents sent to your house or room, or anything of that kind from any quarter, for anything pertaining to your office?

Answer. No, sir, never.

Question. The committee do not desire to inquire into your private affairs, but they wish to know what you have received, either directly or indirectly, from your connexion with the custom-house?

Answer. I have made a full statement of that; and I will say that, living under the expectation and assurance that our salary would be increased, I have during the last four years spent of my own individual moneys I had in bank twenty-three or twenty-four hundred dollars over and above my income.

By Mr. Le Blond:

Question. The question is, whether you have received, directly or indirectly, any gift, any present, or anything of that kind, from any source whatever, or any black mail?

Answer. No, sir, none whatever.

Question. Do you know of any man connected with the department that has?

Answer. Some time since I heard that a charge was preferred against me for receiving some money. I sat down and addressed a note to Mr. Bailey, special agent of the treasury, asking an immediate investigation into the matter. I received no reply, and I went to the surveyor and requested him to see Bailey, and Bailey said he would give me an opportunity to explain. A few days elapsed, and I went to Denison and told him I did not wish to remain in the custom-house with such a thing as that hanging over me. He went to see Bailey, and Bailey said I should have a hearing. He said he did not think there was anything in it.

Answer. The circumstances were these: a gentleman came up to me on the dock at Jersey City, and said he had a friend who would like to have me pass his things. He said he was very much engaged, and if I would give his friend an officer, he would make it all right. I told him no, that an officer could receive no compensation for any such service. There was a great crowd around, and I saw this passenger waiting, and I directed him to Buskirk, who had the general direction of these things. I saw Kirk coming down, and I asked him if he could give the man an officer. Kirk went off and made an examination of his effects. While I was engaged, some time after this, same party came up and said he wanted to see me, and handed me something. Says I, what is it? He said it was all right. I said it was not, that no officer could receive any compensation for such service. Somebody then spoke to me, and the person went off. As soon as I got through, I went up to the dock to see if I could find him. I was taking some refreshments there, and some of our officers came in, and among them Kirk. I went up to Kirk and said, "here is some money I have received to give to you." He said, "what is it?" I said I did not know. He repeated "what is it?" I said it was some money handed to me by somebody who had more money than he knew what to do with. Some parties came in and interrupted him then, and he said he would see about it by and by.

Question. What was the amount of that money?

Answer. Twenty dollars.

Question. What became of it?

Answer. I advised Kirk to hold on to it, and we all advised him to hold on to it until the matter was disposed of, for some fuss had been made about it. I considered that to give it up would show some sense of guilt about it.

By Mr. Le Blond:

Question. Is that the only instance you know of that kind?

Answer. I will say, further, that I had an offer of another situation, which I was obliged to decline because I was unwilling to leave the custom-house as long as any imputation of that kind remained. I thought I was treated unkindly because I was not given an opportunity to explain the matter. My salary is small, and I am perfectly overwhelmed with duties. We have been promised from time to time a participation in the seizure money, and also that our salaries should be increased, none of which promises have been realized yet.

By the chairman:

Question. Have you any memorandum of your transactions connected with the custom-house.

Answer. I have. Some time since I was talking with Isaacs, and he asked me what papers I had. This was some six or eight weeks ago.

Question. Before or after this committee was appointed?

Answer. It was six or eight weeks ago.

Question. Was it before it was rumored that there was to be a custom-house investigation that this conversation took place, and how came you and Isaacs to have the conversation?

Answer. We have had frequent conversations about the matter. We have an interest in these seizures, and if we can establish the claim, by and by, we mean to do it.

Question. Is that the reason you keep the record?

Answer. That is one reason.

Question. Have you a memorandum of the seizures you have made?

Answer. I have. I had six or eight books in all.

Question. Have you them yet?

Answer. Yes, sir.

Question. Where are they?

Answer. At my residence up town. I tore up a large number of papers and books four or five months ago.

Question. What for?

Answer. Because they were multiplying on my hands.

Question. What was the character of those books and papers?

Answer. A memorandum of all transactions here in the custom-house in relation to seizures and boarding vessels.

Question. Recent transactions?

Answer. Extending back six or eight years. A large proportion of them were under the last administration, I think.

By Mr. Rollins:

Question. You board vessels when they come into port, and examine not only the cargo——

Answer. No sir; we have nothing to do with the cargo, we only examine personal effects.

Question. Have you ever known an instance where a watch or watches, or any property whatever, has been seized and then delivered up on payment of a sum of money by the party?

Answer. That is the way these things are generally settled here. After a seizure is made, the party pays the full amount of the value of the goods, and then receives his goods.

Question. What I mean is, whether such matters are not sometimes compromised for less than the value of the goods, the officer taking a sum of money?

Answer: No sir; I have heard reports of a great deal of fraud being com-

mitted in the custom-house, but I believe they are in a great measure without foundation. No doubt frauds are committed, but their extent is very much exaggerated. I do not know of my own knowledge that anything has been done in an underhanded way.

Question. During the fifteen years you have been in the custom-house, you do not know of a single instance where property has been seized and the matter compromised by the party paying a sum of money or making a present to the officer?

Answer. Never; not the officer making the seizure. In two cases out of three the parties prefer to pay the full value of the goods and receive the goods. They are not usually articles of merchandise, but personal effects—such articles as travellers from abroad usually bring home, and which are of more value to them than the money. We seize them and they pass into the hands of the naval officer and collector, and I believe in most of those instances the parties pay the full value and take their goods.

Question. Who determines the value?

Answer. The appraiser.

Question. No settlement is made immediately after seizure, and upon the spot?

Answer. No sir; the collector gives order for the appraisement, and the appraiser comes to the custom-house to appraise them, and then if the party sees fit to pay the appraisement he takes the goods. I have known many and many such instances.

Question. Do you know whether there is any unfriendly relation existing between Isaacs and Denison?

Answer. No, sir; I have reason to think that Denison thought Isaacs talked a little too much, and hence directions have been given to officers obtaining warrants, not to let Isaacs know anything about it.

Question. You have retained your office through various changes and administrations, and I desire to know whether you have ever paid, directly or indirectly, or caused to be paid, directly or indirectly, to any person or persons, any sums of money for the purpose of securing your appointment or retaining it.

Answer. Not a cent or a dollar. I have never known an instance where an officer has paid anything for obtaining or retaining his office, and I probably have as much knowledge upon this subject for the last fifteen years as any officer in the custom-house.

NOVEMBER 1, 1864.

De Witt C. Graham recalled.

By the chairman:

Question. Were you present when Mr. Betts was arrested?

Answer. I was.

Question. When was the arrest made?

Answer. It must be a year or more ago; I should think it was in February or March of last year. We had information that a large quantity of invoices and papers of record had been taken from the custom-house at different times previous to our going to the office of Mr. Pride, who was deceased at that time. His son and a young man by the name of Centan had succeeded to the business. I think Mr. Denison, Mr. Franklin, Mr. Charles Kelley, inspector, and Mr. Isaacs and myself went; there may have been one or two others. We went there and took possession of the place, and finally Mr. Denison, the naval officer, sent for Mr. Centan, and when he came in saluted him in this way: "You d—d scoundrel, we have got you now where we can send you to State prison." The man was very much excited, and wanted to know what the matter was; that he could explain everything. He sent for his brother and father, and they advised him to disclose anything he knew in relation to any frauds or robberies

committed at the custom-house. On looking round the office Mr. Isaacs raised up the lid of the desk, and there he discovered a large number of these papers which had been abstracted from the custom-house.

Question. What was the character of the papers?

Answer. They were invoice entries; I did not examine them particularly; I should judge they were, from their general appearance. Some confession was made; I don't know what it amounted to. Mr. Denison directed Mr. Kelley and myself to go over to the custom-house, and if we found there a man by the name of Betts, who had been in the habit of abstracting these papers, (I suppose an acknowledgment had been made by Mr. Centan,) to take him up to his (Denison's) room. As we were leaving, I said to Mr. Kelley, "we have no warrant to arrest this man;" "never mind, Mr. Denison says we must take him." I said, "I don't know about that; it is a kind of business that don't suit me." I was persuaded, however, went up to the custom-house; saw him come in; Kelley pointed him out to me; went up to him and said, "the naval officer wants to see you." He made some little resistance, but I put my arm around him and took him up stairs. Mr. Denison told him pretty much the same thing that he did to Centan—that he would have to send him to State prison, unless he owned up everything, and disclosed under what circumstances he had abstracted the papers.

By Mr. Le Blond:

Question. What were the confessions he made?

Answer. That is more than I can tell you. He said to me: "Mr. Graham, I have always treated you well, what had I better do in the matter?" I said to him, if you have anything to disclose, the probability is that it will be better for you to do it, otherwise you will be punished; and he said: "I will take your advice," and went into the other room. What transpired there with Mr. Denison I don't know. He was a petty broker at the custom-house, who would, for fifty cents or a dollar, obtain a paper for a party.

Question. What do we understand by getting a paper for fifty cents or a dollar?

Answer. I think some clerks were dismissed from the custom-house for allowing papers to be taken. The business used to be done very loosely, much more so than now. Any person could go at one time and ask for the entries of such a vessel; the clerk would pass them over to him, and he would watch his opportunity and abstract either the invoice or the entry.

By Mr. Rollins:

Question. At what time were such things practiced?

Answer. Ten or twelve years ago.

Question. It is not a recent thing?

Answer. No, sir.

Question. Do you mean to say that these papers you found in Centan & Pride's office had been stolen from the custom-house?

Answer. Yes, sir.

Question. How long since?

Answer. I judge up to within two or three years of the time that we seized them.

Question. Nothing of recent occurrence?

Answer. Nothing more recent. I did not make an examination of them. I took them up casually.

By Mr. Le Blond:

Question. You say that he is in the custom-house now?

Answer. Yes, sir.

Question. What is he doing there?

Answer. Pursuing the same broker's business—a petty business—he does not hold any position there; he may be a clerk for some broker.

By Mr. Rollins:

Question. When seizures were made on land of papers, books, &c., and they were taken possession of, were you ever instructed by anybody in the custom-house or connected with it to suggest to the parties the employment of certain lawyers as counsel?

Answer. No, sir.

Question. Were you ever requested to advise parties to settle by the employment of certain lawyers?

Answer. No, sir.

Question. Did you ever know of a transaction of that kind?

Answer. No sir; not of my own knowledge. I knew it from others. I have known it from Mr. Isaacs, when he used to be in constant communication with Mr. Denison and with Mr. Hoyt.

Question. What was the object of employing certain counsel?

Answer. The object, as I concluded, and as I think you will, was to get the right kind of men who would be a little unscrupulous in the settlement of cases, and who would look to their interests as much as they would to their clients'. This was a thing which I always discountenanced.

By the chairman:

Question. What was the object in selecting these men who were in the habit of being employed in these cases? Was it supposed that they had facilities for closing up these matters better than others who derived the benefit from it?

Answer. Let me tell you one instance when Mr. Hoyt was collector which opened my eyes to it. My brother, John Graham, practicing in this city, was recommended by one of the parties who happened to be present on the seizure of a store in Warren street; this man went off and employed my brother. Mr. Isaacs was advised by one of the heads of the department that the party should not go to Mr. Graham, but to somebody else. I don't know who it was.

Question. What particular benefit was it to Mr. Hoyt, or to any other custom-house officer, that certain men should be employed?

Answer. As in this particular instance I refer to, I think if my brother had got that case he would have fought it, and there would have been no settlement.

By Mr. Rollins:

Question. It was to enable the government to settle more easily?

Answer. Yes, sir.

Question. Does that practice still prevail?

Answer. I do not think it does.

By the chairman:

Question. Was there anything about these men being employed that inured or resulted to the benefit of any person connected with the custom-house specifically?

Answer. Not that I know of.

Question. It was a government convenience, and not an individual benefit?

Answer. I suppose so.

Question. Give us one instance where it was an individual benefit.

Answer. I have given you the name of a party employed outside of the ring, and that did not appear to suit the heads of the department.

Question. I want to know the motive why it did not suit?

Answer. I cannot tell you.

Question. Did the objection assume the form of words, so that you could tell us what it was?

Answer. I don't know what was the reason.

By Mr. Le Blond :

Question. Is the firm of which Mr. Barney is a member, (Barney, Butler & Parsons,) one of the firms that they generally refer these men to?

Answer. No, sir.

Question. Has that firm much business to do in the adjustment of these cases?

Answer. I don't think they have. I don't recollect of even one case myself. I have heard the name of one mentioned. Mr. Craig was one party; Mr. Dunning and Mr. Kaufinan are other parties who were generally recommended.

By the chairman:

Question. Has not the naval officer a law partner—Mr. Starr?

Answer. Yes, sir; an examination was referred to him the other day in the matter of complaint against some officers for allowing some goods to be landed after having been marked as public stores. After they were delivered to a party claiming to be the owner, it turned out to be a matter of robbery.

Question. Is he not connected with the custom-house in some way?

Answer. I don't know; I think very likely, from the fact of this matter being referred to him to take affidavits, to make inquiries in relation to it.

Question. This case to which I first called your attention, (Steinberg & Lichenstodter,) do you know how this was settled?

Answer. By Steinberg paying \$2,500.

Question. Where did you get that sum?

Answer. I think Mr. Isaacs either communicated it to me, or I got it from my book or from his own book; I have no personal knowledge of it.

Question. Are there any other transactions of the like character that you know of?

Answer. No, sir. I know of the case of Mr. Pitkin, who expressed a desire to see me, and I went to see him. He told me that he, together with Mr. Lyon, were determined to report the proceedings in the case to Congress or the Secretary of the Treasury, and demand an investigation. He showed me a paper which he was preparing, and he said he had been robbed of every cent he had, and he was determined not to submit to it.

Testimony of Morris Soher.

WEDNESDAY, March 2, 1864.

Morris Soher sworn and examined.

By the chairman :

Question. What is your business?

Answer. Am a member of the firm of William H. Lyon & Co., 15 and 17 Cortland street. Importers to some extent, but our business is generally in American goods.

Question. You do custom-house business through a broker?

Answer. Yes, sir.

Question. Have you ever experienced any unusual delay in getting your goods through the custom-house?

Answer. We have sometimes; we have been delayed for some weeks.

Question. Do you know of any especial cause for that?

Answer. No, sir.

Question. Have you ever had your books and papers and your store taken possession of?

Answer. Yes, sir.

Question. When was it?

Answer. It was last fall some time; the exact date I cannot give you now. June 2, 1862, as per order book, we ordered an invoice of French goods of Enoch & Oppenheim, of Paris, amounting to about \$600, on which there was a commission of three per cent. added, and we received an invoice therefor, duly passed at the custom-house. Some time after that invoice had been received, we received information that instead of three per cent., as charged, they charged us five per cent. We paid the right duty, as we supposed, on three per cent. commission, and we thought that was all the commission required to be added. Some time last fall (the exact date I don't now recollect) Mr. Brown, accompanied by five others who said that they were custom-house officers, came to our store, demanded our books and papers, took them away, and placed two officers in charge of our store to relieve each other, they taking the keys at night. This state of things continued for a week or more. Shortly after these officers came in, one of the party, Mr. Isaacs, I think they said his name was, called me one side and told me that the easiest way to get rid of this was to go to Craig & Webster (whose names he wrote down on a piece of paper) and tell them that it was one of Isaacs's cases, and they would fix it all right; I think he said that they would understand all about it and fix it all right.

By Mr. Rollins:

Question. Did you follow the advice?

Answer. We did not. I think the next day I met Mr. Isaacs and Mr. Graham in the store of Messrs Butler & Pitkin, who I knew had a similar case, and I said in their presence that I thought if we sent an agent to Washington to represent that we had fallen into an unintentional error, the fines would be remitted.

By Mr. Le Blond:

Question. What was the difference between the amount paid and the amount claimed?

Answer. I think it was \$21 91.

Question. How was the case finally disposed of?

Answer. By our paying \$600, the full amount of the value of the goods. What induced us particularly to pay it was on account of the custom-house officers remaining in possession of our store and wearing the badges of their office, as we deemed it detrimental to our business.

Question. Did your lawyer advise you to pay this \$600?

Answer. The advice was to pay it under protest; they would not receive the money at the custom-house under protest; it was so stated.

Question. I want to know why, in adjusting this account with the house upon the other side of the water, you should have paid the amount named upon a little slip of paper accompanied by no instructions and no explanations, and entirely ignore an invoice made out in regular form?

Answer. We paid the duty on three per cent. commission, supposing that was all that was required by the custom-house authorities.

Question. Your idea was, that the law fixed that amount?

Answer. Yes, sir.

By the chairman:

Question. Has your firm been in the habit of reporting errors in your favor to the department and paying them over, previous to this transaction and subsequently?

Answer. We have in several instances previous to this, as well as since; we always report errors, whether they are for or against us.

Question. Do you know of any abuses practised in the New York custom-house, to which you can call the attention of the committee?

Answer. There is one I can mention, and that is the abstraction of goods from packages; we have had numerous cases of this kind.

Lucas Thompson sworn and examined.

By the chairman:

Question. What is your business?

Answer. That of importing French goods.

Question. How long have you been in that business?

Answer. A little over four years.

Question. Have you ever had any difficulty in passing your goods through the custom-house?

Answer. We have had some reason to complain.

Question. Do you know of any money being paid to expedite business there?

Answer. We are so entirely at the mercy of custom-house brokers that we do not care to make much of a story about it; we get our goods now in a reasonable time.

Question. When was it that you had reason to complain of the treatment of the officials in the New York custom-house?

Answer. Just about the opening of the last fall season.

Question. In what particular?

Answer. In their being a long time over the goods and taking samples from the cases; I complained of it at the time.

Question. How long a time did they hold them after they arrived before you were able to get them?

Answer. About three weeks, I should think.

Question. What was the reason assigned for the delay?

Answer. None at all; that was what I complained of.

Question. Did you have any interviews yourself with them about this delay?

Answer. Only down at the place in Broad street.

Question. Did you go repeatedly to secure the permit or send to the custom-house for it?

Answer. Yes, sir.

Question. Did they make any reply?

Answer. No, sir.

Question. There must have been some reply?

Answer. No satisfactory reply; they said they would send them as soon as they got through.

Question. Where did you apply for your permit?

Answer. Up stairs in New street.

Question. Do you know what officer you applied to?

Answer. I generally saw Mr. Phillips.

Question. Did you have repeated instances where goods were kept three weeks?

Answer. They did not keep any as long as that in more than one instance?

Question. About what length of time is necessary after the landing of goods before the permit can be granted?

Answer. In Boston, they tell me, they get them through in twenty-four hours.

Question. What is the general time here?

Answer. We sometimes get them in two or three days.

By Mr. Le Blond:

Question. Was there at this time, when this delay of three weeks occurred that you speak of, a great pressure of business in the way of importations?

Answer. I should not think that it would be as heavy as in the spring.

Question. Did you go to any custom-house officer and complain that your goods were improperly detained?

Answer. I did my business through a broker, and the broker did the pushing. I thought that he was not pushing business as rapidly as possible, so I went down to see about it.

Question. Who was your broker?

Answer. Mr. Curtan, and he is still engaged as broker for me.

Question. Has Mr. Curtan told you what the reason was for the change by which you are now enabled to get your goods through much quicker?

Answer. I never asked him the question.

By Mr. Rollins:

Question. How long have you employed Mr. Curtan?

Answer. Some years; my partner employed him before I was in the business.

Question. Why is it necessary for merchants to employ these brokers; why not do the business directly themselves?

Answer. Because it takes so much time; that is one reason; a great many merchants do their own business.

Question. Why should it take any longer for a merchant to do it than a broker?

Answer. A broker can put fifty entries through; if I had but one entry in a week I could not spend my time down there and take my turn to put that through.

Question. Have you heard any complaint of late, within a few months, as to the mode of doing business there?

Answer. I have not; I have been very little among the importers myself, as I have been very busy.

By the chairman:

Question. Do you know whether there is such a practice as feeing clerks in the custom-house by merchants?

Answer. I do not.

Question. Do you know of any clerks in the custom-house that are in the habit of receiving them?

Answer. No, sir.

Question. Does your broker ever tell you that such an amount of money is requested to enable you to pass goods through rapidly?

Answer. No, sir.

By Mr. Le Blond:

Question. When you found that your business was disposed of rapidly, did you make any inquiry of Mr. Curtan what the reason was?

Answer. No, sir.

Question. You said nothing to him about it?

Answer. I said nothing to him about it; I had no reason to complain of that.

Question. When your goods did not come within the proper time you complained to him?

Answer. Yes, sir.

Question. Did he not tell you why he could not get them through?

Answer. No, sir.

Question. When you found this sudden change did it not create a disposition on your part to inquire what brought it about?

Answer. No, sir.

Question. Has Mr. Curtan ever called upon you for money outside of the regular fees that he was to receive from you for transacting your business?

Answer. No, sir.

Question. Where is Mr. Curtan's place of business?

Answer. The corner of William and Pine, over King's banking-house; his full name is Charles Curtan.

By the chairman:

Question. Has he done your business of late?

Answer. Yes, sir.

Question. You do not do it directly?

Answer. No, sir; I never did any business with the custom-house directly.

By Mr. Rollins:

Question. How do you pay your broker for his services?

Answer. So much for an entry.

Question. How much?

Answer. \$2 50, I think it is; the whole thing costs about \$5.

Question. What reason did you suppose existed for the long detention of your goods in the custom-house; you had some idea yourself what it was?

Answer. There was nothing said; they fussed about it a long while.

Question. If you were impatient for your goods, it is very natural to suppose that you made some demand for them upon the custom-house officials. If you made such a demand, what reply was given?

Answer. It was just tantamount to this—that they had not got through with them, and when they had they would send them up.

Question. Was there any pretence on their part that you were attempting to evade the law?

Answer. There was none made to me.

By Mr. Le Blond:

Question. Was there made to any one, that you know of?

Answer. No, sir.

By Mr. Rollins:

Question. In this case that you allude to, there were several packages of merchandise?

Answer. I think there were three entries by either two or three steamers, I am not certain which.

Question. Can you fix the exact date of this occurrence?

Answer. I think it was in October or November; I cannot give you the exact dates now.

Testimony of J. C. Calhoun.

THURSDAY, March 3, 1864.

J. C. Calhoun sworn and examined.

By the chairman:

Question. Are you a resident of the city?

Answer. Yes, sir.

Question. For how long?

Answer. About sixteen years.

Question. What is your occupation?

Answer. Am an inspector and jobber of fancy goods.

Question. Do you do your own custom-house business?

Answer. It is done through a broker.

Question. Have you had any difficulty in getting your goods through the custom-house?

Answer. We have had.

Question. Have the custom-house officials at any time taken possession of your books and papers ?

Answer. Yes, sir.

Question. Will you please state when it was, when and why it was, what they did, and what you have done ?

Answer. The seizure took place about the first of April last year. I will state here that importing is not a direct branch of our business, but we have engaged in it in connexion with our other trade, and as we found it afforded us profit, we have extended it by degrees, until now we do considerable business in that line. About four o'clock in the afternoon of the day of this seizure the officers from the surveyor's office came into the store and took possession of the store, the books, papers, &c. We gave them up and sent down one of our porters with them to the custom-house. We gave them everything, statements of accounts and all. The proceeding was at a very unusual hour, at a time when we could not get any advice from counsel. The thing was done in a very abrupt manner; and after the time of closing up, Deputy Surveyor Brown, I think, came in and took some trouble to examine the back part of the store to see whether there was any place where we could get our goods out. I saw Judge Woodruff and went down in the morning and proposed to give bonds to the amount of \$100,000 if they wanted—to any amount; they did not want any bonds.

Question. Who was the party that you saw ?

Answer. I saw Mr. Denison; he did not propose to treat with us, but turned us over to Mr. Franklin. They did release one or two of the books which had no reference to our foreign business. The trouble was this, and it grew out of an inadvertence on our part: We were importing a certain line of goods, worsted, from J. P. & E. Westheads & Co. They do a mixed business. On the manufacturing business they allow us two and a half per cent.; on the worsted business they charge us three per cent. commission without the discount, and it is made up in another way. For instance, take a regular commission house, and they give us off four and a half per cent. and charge us two and a half per cent. commission, and make it cash at the date of the invoice. Westheads gave us nothing off, but charged us two per cent. commission, and allowed us four months to pay it in, and we pay at any time from four to six months. Instead of making it an interest account, the interest account is made up in commissions. The government get as much in one case as in the other; but it was irregular in making it up in this way, and we had no right to do it.

Question. Did you know that you had no right to do it ?

Answer. No, sir; I supposed the thing was regular from their being a mixed house, as they were. Some of the correspondents abroad charged us three per cent., and some charged us five per cent.

Question. What is the amount of difference between you and the government ?

Answer. I think about \$300.

Question. What did you pay ?

Answer. \$5,000. We made up our minds at first, after we proposed to give bonds, to contest the matter; but our business was of such a nature, and it would be so great an annoyance to have it stopped for any time, that after consultation with Judge Woodruff and Mr. Sanford, we concluded the better way was to settle. If I am not very much mistaken, the remark was made by Mr. Franklin that it would be better for us; that the naval officer was considered the adviser of the government, and was authorized to compromise these things. I went down with Mr. Sanford to see what could be done. Mr. Sanford stated that the amount claimed by the government was very small; that they could not think we had any intention of defrauding the government; that it was an oversight on our part; that he did not believe the government wanted to be vindictive, but that they simply wanted to protect their own interests. I think

I am not mistaken when I say that the remark was thrown out by them that it was a very serious matter, indeed—a criminal matter—and that the thing had better be settled. I then had a consultation with Mr. Sanford, and he said he presumed they wanted some three or five thousand dollars to settle. We did not see Mr. Denison at all. I think Mr. Sanford intimated to Mr. Franklin that we were willing to pay three thousand dollars, and, as near as I can recollect, the remark Mr. Franklin made was that he would submit the proposition; but he did not think it would be of any use. Mr. Sanford turned to me and said they probably wanted five thousand dollars. If that was so, it would be more damage to us to be tied up, and we had better pay. We said it was more than we can afford to submit to, but we would pay it. The proposition was made, and in five minutes after Mr. Franklin came back.

Question. Who did you pay it to?

Answer. The check was given to our attorney; I think the check was indorsed by Betts.

By Mr. Rollins:

Question. What was the amount of property upon which these duties were due?

Answer. As I would have to follow the thing back for two or three years, it is almost impossible for me to state; it may be \$20,000 or more; the difference was \$300. I do not suppose that the difference was even that if you figure it closely. When I went down to the custom-house to see if I could get any relief, I met with a man by the name of Isaacs, who is in the surveyor's office. He is a very confiding, clever, soft-mouthed Jew. I don't know but Isaacs thought I would like to take up with any lawyer who would put me through. I asked him what this was about; what would come of it—a very natural sort of inquiry to make. He could not tell me what it was. I said I had always done my business through my broker, and I supposed it was all straight. Says he, "It requires a smarter fellow than your broker to help you out of this scrape." "If I get an attorney, who had I better get?" I asked him. "You had better get Jim Craig."

By the chairman:

Question. Have you had any difficulty at the custom-house since?

Answer. No, sir.

Question. In getting your goods through, or anything else?

Answer. No, sir.

Question. Have you had to fee any of the clerks, or make them presents?

Answer. There have been one or two examiners in the store occasionally, who wanted some little thing, and we would let them have it. It has been a very customary thing, if they wanted some little trinket, to let them have it, but not for any favors granted.

Testimony of Thomas D. Middleton.

NEW YORK, *March 4, 1864.*

Thomas D. Middleton sworn and examined.

By the chairman:

Question. Will you please tell us your residence, and whether you do business in this city?

Answer. I reside in Brooklyn, and am in the shipping and commission business, exporting and importing.

Question. How long have you been in the business of exporting?

Answer. Since 1833.

Question. Have you been concerned in shipping goods to the Bermudas ?

Answer. Yes, sir; that is my principal business.

Question. You have had occasion to give bonds ?

Answer. Yes, sir.

Question. That those goods should not go in improper directions ?

Answer. Yes, sir.

Question. And those bonds have been cancelled—in what way ?

Answer. They have not had the consul's certificate.

Question. Some of them have been cancelled ?

Answer. In an irregular way.

Question. How many of them ?

Answer. I think some five or six.

Question. Who procured their cancellation ?

Answer. Our surety.

Question. Who is he ?

Answer. Mr. Conklin.

Question. Do you know when the first bonds were cancelled—at what time ?

Answer. I do not remember distinctly ; I think it was in August, soon after the bonding system commenced.

Question. Was your house the principal of the bond, and Mr. Conklin the surety ?

Answer. Yes, sir.

Question. I understand you to say that your surety procured the cancellation of these bonds ?

Answer. Yes, sir.

Question. What interest had he in the bonds other than as surety ?

Answer. I do not know that he had any.

Question. Was he paid by you anything, or by any one, for going as your surety ?

Answer. No, sir; there was an understanding between us (he was an old friend of ours) that he would serve us occasionally. At the time it was done there was nothing said about it. We made him a little present after it was done for each bond.

Question. What was the amount of the present ?

Answer. It was considered equivalent to about the commission. At first it was done without that consideration ; but afterwards, when we found that it was going to be an established thing, we made up our estimate to pay something which would be equivalent to a regular commission. I think on the first bought we generally estimated $1\frac{1}{2}$ per cent.

Question. On the amount of the invoice ?

Answer. Yes, sir; at first we thought it might be possibly a temporary thing, and got it done as a matter of friendship ; but when it seemed likely to be permanent, we then made up our minds that we should make a charge on the invoice to pay his compensation; we considered that we should have to make it a system.

Question. Did you observe that practice in paying commissions on all the bonds after you commenced it ?

Answer. Yes, sir; after the thing seemed to be regularly established, we did, and charged it regularly in every invoice. All the invoices brought back show the charge for bonding, and at length we established it regularly at $2\frac{1}{2}$ per cent., because we found when we had to get to parties——

Question. Who were the other parties ?

Answer. We did not have but one party at first. Now the system is altered; the shipper does not bond at all. The captain bonds, and is required to produce two sureties—so that the shipper does not bond at all. We go sometimes as one of the sureties.

Question. Did Mr. Conklin, of his own motion, unprompted, commence and procure the cancellation of these bonds?

Answer. The first he did—in fact I may say he did all of them; he suggested the idea that some persons were getting these bonds cancelled, and we said “Very well; we don’t like to be in a worse condition than other people,” and he said he could get them cancelled. We said “Very well;” and in that way it was done by him. He said there were many persons he had heard of that were doing it; Mr. Stanton easily did it.

Question. You say you had five or six cancelled?

Answer. I think Mr. Conklin can tell you exactly; I do not know exactly, because we did not know in many instances ourselves directly. Upon one or two occasions we did know, and upon the others we took his word for it. When it was done, I could not say.

Question. Were not the bonds brought to you?

Answer. No, sir.

Question. How did you know they were cancelled, then?

Answer. Because he brought my signature cut out. I think on two or three we considered it done. I think he said that they could not be found, or something of the kind; they either could not be seen, or they were considered as cancelled.

Question. Do you know the amount he paid to procure the cancellation of these bonds?

Answer. I don’t know exactly. I think, as far as my memory serves me, it was about five or six hundred dollars.

Question. On all the bonds?

Answer. On the whole; at any rate, it was not over \$800.

Question. Did you give him the money in advance?

Answer. We did not at first; he did it, and then told us what the expense was, and we paid it. I do not remember to have given him anything in advance at any time; I might have done so; I do not think so, because I did not know what the terms would be upon which he was to procure them, and when it was ascertained he told us. There seemed to be nothing ascertained what it was going to cost. It was sometimes fifty or seventy-five dollars, or something of that sort. The idea was, as we thought, that it would be about $1\frac{1}{4}$ per cent., and sometimes it was not so much as that. Some of the bonds were \$50, some \$75, some \$100, or something in that neighborhood. Sometimes it would be some days after the thing was done before we knew what we had to pay.

Question. Did you have any communication or correspondence, by letter or by word of mouth, with anybody else with reference to the cancellation of these bonds?

Answer. No, sir, except through Mr. Conklin.

Question. Do you recollect when the practice ceased, or when he was unable to procure the cancellation of them?

Answer. It was after five or six were done.

Question. Do you know the reason why no more could be obtained?

Answer. No, sir; I don’t know why it ceased. I do not think there were three or four done when I quit New York and went out to Bermuda on a visit, and I think in my absence there were two or three more done; it ceased before I got back. I don’t know why, nor did I ever ask anything more about it. The principle thing that influenced our minds in consenting to the thing was this—the difficulty of getting from our correspondents the means of cancelling the bonds; it was not with the slightest idea that our shipments were going south. Our business is very much divided; we perhaps have a hundred different correspondents to whom we ship a great many small shipments, many of whom live in the country back from the sea-ports, and we anticipated great difficulty in ever getting back the papers so as to enable us to cancel these bonds. In a

little while we found it so difficult that we advised them all that we had bonded for them, and that they must send the documents in order to have them cancelled. We have those documents, with the exception of a very few persons, who said that it was none of our business to bond for them. I dare say we have got fifty or one hundred of these papers complete.

Question. Since the rebellion commenced, how has your business been affected—increased or diminished?

Answer. In some measure increased.

Question. Has the number of your agents or consignees increased likewise?

Answer. Our business, I might say, always increases every year; we have, perhaps, some accessions; some die, and some go to other agents.

Question. Will you indicate to the committee briefly what has been the character of the goods you have shipped during this period of which you speak—since 1833 generally? I suppose there has been a certain line of trade that you have had.

Answer. We have been in the same trade. The articles that we have shipped have been numerous; breadstuffs, salted provisions, all the staples; butter, cheese, hams, everything in the provision line which would suit a country grocery store. Very much of our trade has been in the provision line—the principal part of it.

Question. Have you shipped dry goods?

Answer. It is very rare that we have shipped any dry goods.

Question. I would ask you whether the character of your shipments has changed since the rebellion?

Answer. It has only changed, according to our observations, in two respects of late. Within the last two years—perhaps not as long ago as that—we had been in the habit of importing rum in bond and a good deal of brandy. In consequence of the charges upon the importation of these articles, they have imported more whiskey and ale. These are the only two important points in which there has been any change made in the character of the articles that we have been in the habit of shipping. In regard to the increase of our agents, there have been no accessions that I know of in the number of our correspondents beyond the average we have ever had. Perhaps in the course of a year we may get three, four, or five new correspondents. I do not think that during the past year we have had five new correspondents.

Question. Does this class of trade embrace boots and shoes?

Answer. It has always embraced some ever since we have been shipping American shoes.

Question. Does it embrace clothing?

Answer. No, sir.

Question. Blankets?

Answer. No, sir; only occasionally a few suits of clothes.

Question. Have you shipped any blankets?

Answer. No, sir.

Question. Does it include filling orders for what is termed “contraband”—lead, powder, shot, telegraph wire?

Answer. Nothing of the sort, and the boots and shoes are for private parties. We have never shipped any army shoes; nothing but fine shoes. Mr. Burt is the man we have been getting them from for a number of years.

By Mr. Rollins:

Question. Will you tell me how the amount of your trade for the past two years has compared with the amount of trade for the two years next previous?

Answer. I should suppose there has been an increase.

Question. How much has it increased?

Answer. I have never looked at the books to see.

Question. You have a pretty distinct idea in your own mind of a thing which almost every merchant has of his own business?

Answer. I should make a haphazard guess if I gave you any idea of it. You may, perhaps, think it singular, but I really do not know, for I never consulted my balance sheet. You may consider it carelessness or imprudence on my part, but I really do not know what my commissions, carried to my credit on the 31st of December, for the past year have been. I have not really looked at it, and therefore I could not tell you what the increase of per-centage is. Our business is a regular business, which goes on like clockwork.

Question. Has not your business very largely increased since the breaking out of this rebellion?

Answer. I do not think it has very largely increased. I think it has increased, but what per-centage I could not tell you; I do not think any material per-centage. I should not suppose that it has increased anything like fifty per cent. Our business is not a large one; our commissions we generally calculate at the end of the year in the neighborhood of about \$10,000 each. I should not suppose that each of us got \$15,000; there are two of us in the concern; I couldn't tell you without asking my bookkeeper.

Question. About what amount of merchandise have you been accustomed in years past to ship to the Bermudas?

Answer. These are statistics that I really cannot tell you about, except in this way: Our commissions are generally $2\frac{1}{2}$ per cent., and in some cases 5 per cent., and our income perhaps \$20,000. I do not think that our commissions for the past year have been \$20,000; estimating our commissions partially at $2\frac{1}{2}$ per cent., and partially at 5 per cent., and it would be about that. I could give you the statistics for several years of what our income has been, if you desire it, by referring to the books.

By Mr. Le Blond:

Question. There was one bond which you gave amounting to \$64,000?

Answer. That was the first one we gave for which we have no consul's certificate. I would like to explain how that thing occurred. We always considered it a very hard case upon us. Before we shipped that cargo I went to Mr. Embree, and said to him: "Mr. Embree, I understand there has been some talk about bonding for shipment abroad—to Bermuda; you are aware that we make large shipments to Bermuda, and we now have a large order for provisions, at least a large cargo we are shipping." It was composed of three or four orders which we had at that time, as we could not get freight in the vessels in which they were ordered. I said to him, "Shall we have any trouble in bonding? if so, I shall not ship." He said, "You have been in this business so long that I should be loth to take a bond from you under these circumstances." I then said to him, "I understand that we shall not be required to give any bonds." He said, "Yes, so far as he was concerned that we should not, and he did not think they would be required." We had chartered the vessel, taken a load, and we should have stopped there, but for his leaving us to understand that we should not have to give a bond. When we came to clear the vessel, it turned out that we were to bond. I thought it was a hard case, after we had purchased the vessel, paid for the goods, to be told that we had to bond. I remarked to my brother, "This really looks like a trap—we seem to be caught," because we had not the slightest idea of doing anything wrong, but with the consent of the custom-house we had gone on loading this vessel. When I was up to see Mr. Embree some days after I got his consent to ship the provisions, as I construed it. He said to me, "Do you own such a vessel?" I said, "Yes, that is the very vessel I spoke to you about a few days ago; I did not name the vessel to you, but I mentioned the fact to you that I was loading a vessel." He said that it had been reported to him that she was taking a large lot of provisions. I said, "Yes," and I repeated that I conceived that we had been badly treated

in that case, and we felt unpleasant about it; that we had not the slightest idea of shipping anything for the benefit of the confederacy. But we were in that fix, and we could not get out of it. We then asked Mr. Conklin to bond for us, and he it was that suggested that bonds had been cancelled in some cases, and he thought he could get it done for us; we did not think nor suggest getting the bonds cancelled.

Question. Was that the first time you ever heard that this thing could be done?

Answer. Yes, sir; we did not know when we gave the bonds that they were to be cancelled; we did not know that they were until the thing was done. He said he thought he could get them cancelled; I suppose that was one word for himself and two for us. As he had been good enough to bond for us, and we gave him nothing for the first—which was some time ago, not at that time—and in consideration of his having done it, we gave him \$50.

By Mr. Rollins:

Question. Was not this \$64,000 shipment an unusually large one?

Answer. Yes, sir; but I explained to Mr. Embree at the time how we accounted for it.

Question. These orders, you say, were from your regular agents or correspondents?

Answer. They were generally from our old correspondents; there was one new correspondent, whose name will alarm you. A large portion of our order came from Mr. Bowen, who was at Bermuda, and who was considered as one of the confederate agents, but the order came to us in a regular, straightforward manner. There was nothing said about secrecy; it was simply: charter me a vessel; send me so many barrels of salt provisions, and added to this were these heavy orders.

Question. Did you know who this man was?

Answer. Certainly.

Question. Did you know that he was the agent of the confederate government?

Answer. We knew that he was acting in that capacity; he had many of these vessels consigned to him.

Question. Did you not suppose, when you shipped the goods to him, that they were to be used for the confederate service?

Answer. I had not the slightest idea of it, except that they might be used as stores. I will state to you what my impressions were about it. I supposed Mr. Bowen had made some money at the business. (that was the first transaction we had with him;) that he wished to invest it and make profit out of it; that he could import this pork at a low price to Bermuda, and that he wished to ship it to the West Indies in smaller lots, thereby realizing his exchange. That was my belief then, and is my belief now. He had not the slightest intimation that it was for any irregular trade; and we do not know to this day, and we have no reason to believe, that a barrel of the pork was ever sent to the south. Some of it might have gone as stores; whether it was ever shipped south or not I cannot say. We have reason to believe so, other than the ordinary possibility that provisions had been sent there as stores.

Question. Did not the fact that he was the agent of the confederated government, and the further fact that he was ordering goods that you knew the confederate government were in pressing need of, viz., provisions, make you suspect that he wanted them for the confederate government?

Answer. I cannot say that I did suspect anything of the sort, because so much pork was going to so many other persons besides Bowen. There was a lot of 400 or 500 barrels going to others.

Question. Was he an old customer?

Answer. He was an old correspondent.

Question. At that time the order was an extraordinary one?

Answer. It was a large order.

Question. One would naturally suppose that you must have had some suspicion?

Answer. I will tell you what my suspicions were, so far as that is concerned. I did not know that salted provisions were wanted south materially. I suppose, if they wanted them in that way at all, it would be probably for stores for ships.

Question. Have you been to Bermuda since that time?

Answer. Yes, sir.

Question. Do you know what disposition was made of these goods?

Answer. No, sir; of not a single barrel.

Question. Why have you not been able to secure the consul's certificate in that instance?

Answer. I have never asked for it.

Question. Why?

Answer. I cannot tell you the reason.

Question. Why have you secured the consul's certificate in other cases, and not in this case?

Answer. The reason is that we did not send for it. We considered the matter settled.

Question. If you considered the shipment a proper and legitimate transaction, why did you pay \$600 for the bond?

Answer. As I told you, in the outset of the thing we anticipated some difficulty in getting these bonds, and in a short time it appeared to us that there would be difficulty. We had no authority to give bonds for Mr. Beuen. We had to write to all these various shippers.

Question. Were you not apprehensive that the goods would give aid and comfort to the rebels, and therefore the bonds would be forfeited?

Answer. He did not contemplate that there would be any export of them to the southern confederacy. He thought that possibly they might go as stores on board ships. I said to Mr. Embree in regard to cordage, such as we were in the habit of shipping constantly to the same men, "now this bond says this must be consumed in Bermuda; what am I to understand by that, if this cordage is sold, a coil or few coils of it on board vessels for use in Bermuda?" He said, this must be considered as consumption. I supposed, in regard to the pork, that it either would be shipped to the West Indies in lots of three or four barrels, or furnished to the steamships that came out there as stores. We did not consider that it would be shipped to the southern confederacy, but that it would be consumed by these different ships.

Question. How soon after this shipment did you visit Bermuda?

Answer. I visited there last October.

Question. Did you make any inquiries relative to the disposition of this property?

Answer. No, sir.

By Mr. Le Blond :

Question. You say that you have a consul's certificate as to the principal part of these shipments, but you have not as to this large amount of \$64,000. How does it happen that you procured the consul's certificate of a portion of similar shipments, and not of this one?

Answer. I thought that matter was at rest, and it was done hurriedly—I think I might say thoughtlessly.

Question. Have you got a custom-house broker in your employ?

Answer. We employ custom-house brokers—one particular house.

Question. What is his name?

Answer. Wood, Never & Co.

Question. Have they procured any of these bonds from the custom-house?

Answer. No, sir.

Question. Have you had any other bonds taken from the custom-house in the manner that those six or seven were?

Answer. No, sir; those are the only ones. As soon as this transaction was done we regretted it. It was done in a flurry. We had a vessel on our hands, chartered, and we had a large amount of goods to ship, and it was done thoughtlessly. The next day, probably, I should not have done it, and should have gone to the expense of discharging the cargo. Therefore, we said, we shall now require the consul's certificate for everything we ship, and have done so from that time.

Question. What was the amount you paid to Mr. Conklin?

Answer. I think we paid him 500 or 600 dollars to get that bond cancelled.

Question. I would like to know the exact amount of the presents you gave to Mr. Conklin—what they would amount to in the aggregate, including the amount of money you gave to Mr. Conklin?

Answer. I think the whole we have paid Mr. Conklin was about 500 or 600 dollars for himself.

Question. How much for his expenses?

Answer. About 1,300 or 1,400 dollars.

Question. Did you give to him any presents, in addition to the amounts you have here stated?

Answer. No, sir.

By Mr. Rollins:

Question. Have you any doubt about the fact that these provisions which were sent to the confederate agent were reshipped and used for the benefit of the confederate service?

Answer. I did not suppose at that time, and do not suppose now, as far as my candid belief goes, that these goods were shipped to the southern confederacy. I have no reason to believe so. I thought they might be used as stores for the various ships coming into Bermuda.

By the chairman:

Question. I will ask you whether any other parties, to your knowledge, in this city, have obtained the cancellation of other bonds in this irregular manner?

Answer. I have never heard of it myself. I have heard Mr. Conklin say that it has been so. I never heard myself, here, of an individual that has done it. The only thing upon this point I have heard is, while I was in Bermuda it was passing about that a Mr. Woolff had paid so much money in New York to get his bonds cancelled. I happened to be a passenger to Bermuda with Mr. Woolff.

Testimony of B. F. Mudgett.

NEW YORK, March 4, 1864.

B. F. Mudgett sworn and examined.

By the chairman:

Question. In what capacity are you connected with the New York custom-house?

Answer. As deputy collector.

Question. How long have you held that position?

Answer. I commenced my duties the 1st of September, 1862.

Question. What branch of business comes under that bureau?

Answer. It is the 5th division of the custom-house, and has charge of the entry of merchandise and the granting of free permits, if there are any to be granted, and of all questions relating to the acceptance of invoices, and the regularity of the entries of goods, and also of the assessment of duties under the tariff.

Question. Please tell us with reference to the mode of entering goods, whether there might be any corrections made for the benefit of the government or for the benefit of the merchants of this city.

Answer. I can give you the exact mode in which goods are entered for duties. The merchant, when his goods arrive, (he frequently receives his invoice and bill of lading by mail before the vessel arrives,) makes up an entry of the goods according to a prescribed form, by such a person, by such a vessel, and such a master, from such a place, &c.; heads it in that way; then states the number and contents of the packages; makes out the rate of duties, and then presents it with his invoice to the entry clerk. He must present his invoice just as he receives it; is not allowed to make a single mark or scratch upon it, for if he was allowed to tamper with it in any way the government would not be safe. He goes to one of the entry clerks in the rotundo, of which there are eight, presents the invoice and the papers. The entry clerk looks them over to see if his entry is correct; looks at the rate of duties to see if that is correct, and if it is not, he makes him correct it. The entry clerk checks all the papers, and then they are brought to the deputy collector. Generally, if there be any question of irregularity raised about them, they have to come to me. If there is any remedy by which the merchant can be relieved, and which the law will permit, in order to facilitate the business, I allow him to give a bond that he will produce the proper papers that are wanting. For instance, the invoice may want the certificate of the consul abroad. In that case, I would allow the party to give bonds to produce it at the proper time. If there is no difficulty about the invoice, the party goes to any deputy collector and swears to it. We order one out of every ten packages generally, where the goods are light and all alike, such as dry goods and all that class, to the appraisers' stores, where they are examined; and if they find them all correct, according to the invoice, with no evidence of fraud about them, then they are returned to the amendment clerks with their report upon them. The appraisers state what the duty should be, and the invoice is sent to me. If there has been any error, we give them notice that their invoice has been raised, and then they have 24 hours to call for a reappraisement by merchant appraisers; and then, if the merchant appraisers sustain the government appraisers, and if the error is over 10 per cent. and not over 25 per cent., the law compels the parties to pay the penalty for their undervaluation. If the error is over 25 per cent., the goods, by the law, are forfeited, and they are then seized. In cases where it is over 10 per cent. or over 25 per cent., the report is returned to me, and I send it in to Mr. Hanscom, who is the officer that has charge of seizures and the collecting of penalties, &c. I have nothing to do with that matter in any way. After the matter has passed through this preliminary proceeding, I have nothing further to do with it if there is any relief granted to the merchants or any penalties exacted. I should have stated that after these invoices pass through our hands they go into the naval office before they go to the appraisers, and if they find any irregularity in the papers they send them back to us with a statement of the irregularity. If they do not find anything wrong in them, they pass them along to the appraisers, as I have named. I do not know of any more simple method than we have now in these particulars, although I think myself that requiring a triplicate invoice might be dispensed with. The merchant abroad, when he sells the goods to come here, has to go before the American consul and make oath that the invoice is a true and correct one, and he sends that invoice to his correspondent here. He has to leave a copy of it with the consul, and then the consul has to send another copy to the collector. When the merchant enters the goods here, if this triple invoice has not been received by the collector, he is required to give a bond to produce the triplicate, through the consul. This system is evidently intended to protect the government against fraud, but it creates a great deal of annoyance to the merchants. I am inclined to think that a man

who has made up his mind to commit a fraud would go before a consul and swear just as quick to three as he would to one.

Question. There has been something said here about three and five per cent., and some of the merchants claim that they have followed the usage of paying duties on three per cent. commission on purchases abroad, whereas it should have been five per cent. Will you please state how that is.

Answer. The law requires the merchant in entering his goods to put in the charges all the commissions that are made previous to the shipment of the goods. There are different usages prevailing abroad with regard to this matter of commissions. The commission for buying dry goods in England is $1\frac{1}{2}$ per cent. If that commission is not put in, the entry clerk puts it in. If the merchant puts in his entry that there was no commission, we write under the stamp to the appraisers to report if there should be commissions, and then the appraisers report, and we are bound by their report entirely. On crockery ware, purchased in England, there has been invariably, and on hardware sometimes, a commission of one per cent., and unless they put it in, we generally put it in $2\frac{1}{2}$ per cent. Commissions are generally five per cent., but in France the commissions are different, being $2\frac{1}{2}$ per cent. on dry goods.

By Mr. LeBlond :

Question. Then the system really is, that whatever commission the merchant pays, no matter in what country he buys the goods, that commission and the other incidental expenses attached to the shipping of goods are to be added to the amount upon which they are to pay duties.

Answer. Yes, sir, except the expense of carrying from inland towns to place of shipment, as from Birmingham, say, to Liverpool—internal transportation. That used to be charged, but Secretary Chase has decided that that is not a proper charge, and we have consequently omitted it. It has been always charged heretofore for the last twenty-five years.

Question. Do you have anything to do in your department with the delivering of goods to the merchants after the receipt of them here in the custom-house?

Answer. Yes, sir; I have it all to do myself. The invoices, after they are examined by the appraisers, come over to the amendment desk, which is under my supervision. There is frequently an additional duty, when they come to be amended, to be collected, more than they have paid, sometimes \$500 on an entry, and sometimes on \$2,500. After our amendment clerks have made it up they go into the naval office, are checked there, and then they go to the cashier, and are delivered upon the payment of the additional duties. But in the exercise of my discretion, I give special deliveries to firms that I know to be first-class responsible houses, such as A. T. Stewart, Claflin & Mellen, and that class of merchants, and very frequently I give special deliveries to smaller dealers that I know pretty well, if there are not more than twenty-five or thirty dollars due, and say to them, I will trust you until you get the matter arranged. I do so in order to accommodate these men all I can.

Question. Are there other cases in your department where men, other than those to which you have just alluded, are accommodated out of the order in which they present their claims?

Answer. None that I know of, except as I have told you. Nobody has any right to accommodate any one but myself in these particulars.

Question. Do you know of any money having been paid to any of the subordinates in either your department, or in any other department of the custom-house, for any special attention to a certain class of men in doing their business?

Answer. I do not; I have heard such charges made against the entry clerks of pressing one man's entry before his turn, and I made a special order two or three months ago requiring and making a new system particularly, so as to avoid everything of that kind. These charges have been made, and I want to say

frankly that I think there has been a great deal of truth in them, and I have done all in my power to find out the truth in the matter, and put a stop to the practice. I have no proof that such practice exists, but merely my suspicion. I have noticed the fact that some clerks will get a great deal more than others to do. It is true, that some clerks are smarter than others, do business faster, are more popular with the merchants, and consequently get more to do; but I take it for granted, judging from my view of human nature, that a clerk would not stay and work until 7 and 8 o'clock, and carry an armfull of papers home with him, unless he was getting extra compensation; but they all deny it plumply to me, and I have devised every means I could think of to find out the real state of the case; and I have suggested to the agents of the Treasury Department, who have been investigating into these matter, certain questions to be put to them, and I believe one clerk did disclose something which led to his removal.

Question. Give us the name of one or more of your clerks about whom you had any suspicions.

Answer. I think now that the practice is entirely done away with, if it has ever existed. I made an arrangement which I thought would put an end to any such practice, and it was this: I directed every man who goes to the entry clerk's desk to bring his entries with him, hold them in his hand, and only hand one to the clerk at a time, and as soon as that was finished to hand him another, each man taking his turn; continue that until 2 o'clock, and then that all who could not get their entries through by that time should leave them at the desk of the chief clerk, to be ready for every man at 10 o'clock the next morning, so that no man should be under the necessity of paying anything to get his work done, and so that the clerk could not take one man's entry, lay it aside, and do another man's work. I thought that such a plan would effectually check the practice I have spoken of if it did exist. Merchants have thanked me for the improvement made in this respect, and have acknowledged that the present system was a great aid in facilitating business. Mr. Hillyer, a very active gentleman, takes up these entries, passes among the clerks, and distributes them among them, and every one who takes the entries must have them finished by 10 o'clock in the morning if he has to work all night.

By the chairman:

Question. How long has this practice been in operation?

Answer. About three months.

Question. What led you to adopt this practice?

Answer. These reports about the clerks being paid; that some merchants could not get their entries through in a reasonable time. I used to watch the clerks, and I became convinced that some other method must be adopted.

Question. Did you find any case where any of the clerks had granted such favors as you speak of?

Answer. I know that this matter underwent an investigation by Mr. Barney.

Question. How long ago?

Answer. Since he has been here. One of the entry clerks was removed after this, and I understand that he was removed because he acknowledged having received some pay from some of the merchants.

Question. What time do you say you became connected with the office?

Answer. The 1st of September, 1862, when Mr. Hoffman died; Mr. Barney asked me to come in and take his place.

Question. This practice probably prevailed then?

Answer. My own opinion is, that the practice has been carried on for fifty years continuously from all that I can learn from the old brokers about the custom-house. In former times they used to consider it as a matter of fact that every entry clerk was to receive something in this way, and that it was a legiti-

mate transaction. Mr. Barney told me when I came into the office that such a charge had been made against these entry clerks, and he wanted me to try and see if there was any way to stop it, and it has been my endeavor ever since to do so.

Question. You do not believe that the practice obtains now?

Answer. No, sir.

Question. Might it not obtain without your knowledge in the way of presents given to them outside?

Answer. I judge not, for the reason that the parties who give these things must have an object. Men will not give their money when nothing is to be accomplished by it.

Question. Do you say positively, that under the system as now administered, every man's invoice that is not ready for him for want of time or pressure of business by 2 o'clock, is ready for him at 10 o'clock the next day invariably?

Answer. Yes, sir; I have not heard of an instance where there has been a failure.

Question. Somebody has stated here that there have been days of delay.

Answer. It is not so.

Question. Could such a practice as that to which you have alluded exist without your knowledge?

Answer. I cannot say that. I have got these notices put up all over the building, and I think there is one on every man's desk; I put them up at the time the order was made.

Question. When was the order made?

Answer. Three months ago.

Question. Before or since the appointment of this committee?

Answer. Before; I think it went into effect on the 1st of January.

By Mr. Le Blond.

Question. Have you heard of any complaints by the merchants since the adoption of this new regulation?

Answer. No, sir; there have been no complaints made to me. I have had a notice of the order placed conspicuously all over the rotundo, so that every merchant might be informed of it. There has been some delay in the despatch of business at the amendment desk, and I am trying to devise some method to facilitate business there. After the invoices have been to the appraisers and come back, the amendment clerks have to examine every article. Sometimes there will be twenty-five different rates of duty on an entry, and it is quite a difficult task to regulate the matter. That is why I give those special deliveries, because there must necessarily be some delay there; and then the naval officer goes over the whole thing, and his force is not large enough, so that the merchants are continually grumbling. They say, if you let the invoice go into the naval office it will be a week before we will get our goods, and therefore they ask for a special delivery. Mr. Denison resisted my giving special deliveries very strenuously, but it is certain that it would be prejudicial to the business interests of this city not to grant them.

Question. Do you not think that it creates dissatisfaction among the merchants when they find one class receiving these special favors while another class does not receive them?

Answer. That objection I know can be urged against it. Where there is any considerable amount of extra duties, say one hundred or two hundred dollars, I certainly would not take the responsibility of delivering the goods unless I knew the merchant to be a perfectly responsible man. It is just as it is in a business community; a man who is known to be responsible can do business to a better advantage than a man who is not known to be responsible. Such inequalities must exist, and all a public officer can do is to recognize that principle to a cer-

tain extent. If he makes such distinction among men of equal responsibility, it would be a gross outrage.

Question. Such a system carried out in the way you speak of, if the man occupying the position you do were not strictly honest, might give rise to a great deal of trouble?

Answer. That is so, I admit; I have to do this on my personal responsibility. There are a thousand other things that a man in such a position has to do, and if he does them improperly he must answer before a wronged public and all honest men.

MARCH 3, 1864.

Alfred T. Conklin sworn and examined, (commission merchant, No. 42, New street.)

By the chairman:

Question. How long have you been a commission merchant?

Answer. About 12 years.

Question. Are you engaged in importations and exportations?

Answer. I receive flour from the west; ship goods to the West Indies and the British provinces; also receive goods from England; not a great many, however.

Answer. You say that you have shipped to the West Indies somewhat. We understand that there have been some new treasury regulations since the rebellion commenced, differing from what formerly prevailed, and especially requiring bonds that were not formerly given; has your business required you to give any such bonds?

Answer. I have not shipped any goods myself that required me to give any such bonds, but I have become bondsman for other parties who shipped.

Question. Have you done very much business of that kind?

Answer. I have only been bondsman for one firm, with the exception of one other instance. I was bondsman for Middleton & Co., and in one instance for Wm. M. Smith. I think the bonds in that case were \$600 and \$1,500. I have been on the bonds of Middleton & Co. for 80,000 or 90,000 dollars on different shipments, from 900 dollars probably up to 30,000 dollars on different vessels, from a period commencing last June.

Question. The committee have taken some testimony in reference to the nature of these bonds and the parties. I want to ask you whether the bonds that you have signed have all or any of them been cancelled or surrendered afterwards?

Answer. Some six or seven have been surrendered.

Question. The committee wish a full history of this transaction just as it took place.

Answer. It occurred in this way: It was the general talk here that these bonds could be bought up. I was passing through the custom-house one day on business, and I asked one of the brokers, by mere chance, if such things could be done. He said he thought it could be. I asked him if he ever knew it to be done; he said he had. The broker's name was Henry Smith; I think he resides in Jersey City. He is a broker in the custom-house. I told him that I was on some bonds, and if that was the case I would like to buy them up, and I told him to see how it was. He reported what he had done, and the result of it was that we bought up six or seven bonds.

Question. What was the price paid?

Answer. The whole amount was about \$1,600 that I paid for the bonds.

Question. That is the amount you paid Mr. Smith?

Answer. Yes, sir.

Question. What he paid you don't know?

Answer. I don't know anything about that.

Question. Who furnished you with the money?

Answer. That money was paid to me afterwards by Middleton & Co.

Question. All of it?

Answer. Yes, sir.

Question. Is there anything additional to the testimony that you have already given that occurs to you that you could communicate to the committee?

Answer. Nothing in regard to these bonds excepting this—that these goods, although they were bonded and shipped to the West Indies, all went in good faith. It was not for the blockade business at all, and that firm has now lodged in the custom-house the certificates to cancel these bonds given by the American consul, which are now in the hands of Mr. Hanseom. They are getting from each individual certificates to cancel these bonds. There is one thing that the custom-house authorities do not seem to understand: all that illicit trade which has been carried on between this city and Bermuda has been carried on by outside parties, not by the regular parties in the trade. The old established houses, such as Middleton & Co., Wm. Smith, McCell, Swift & Tucker, and Lightbon & Luff, have had a continuous trade for years in the filling of a great many different orders, some of them quite small, from various part of the West Indies, and you will see from the clearances at the custom-house that everything has been going on in the same order for years. Middleton & Co. have been in that trade since 1832.

NEW YORK, *April 8, 1864.*

Alfred T. Conklin recalled.

By the chairman:

Question. How long prior to the execution of the \$64,000 bond, or the justification of it, was it when the negotiation about the surrender of it took place between you and Smith?

Answer. Within ten minutes before the bond was executed the arrangement was consummated that I was to pay \$600 for the surrender of the bond; that I was not to be sworn that I was worth \$64,000—in fact, that I was not to be sworn at all. That was the understanding before I went in there, that I was not to be sworn.

Question. Was Mr. Middleton with you at the time?

Answer. Mr. Middleton, the principal of the bond, was getting his papers through while the negotiation between Mr. Smith and myself took place in the rotundo.

Question. Did Mr. Middleton join you?

Answer. We went in together into Mr. Stanton's room.

Question. What became of Smith?

Answer. Smith remained in the rotundo. He had negotiated for the purchase of the bond, and had nothing further to do with the matter, having been simply employed to negotiate the surrender of the bonds and arrange the terms thereof. There are two rooms—one of them is Stanton's private room, and the other is where the clerks are. We had to go in there and wait until his clerk made out the bond.

Question. Was the bond made out in the first room?

Answer. Yes, sir.

Question. Do you remember who spoke to the young man about making out the bond?

Answer. Mr. Middleton.

Question. Who was the bond given to when it was made out?

Answer. It was taken by Mr. Middleton, and he and I went into Stanton's room.

Question. Do you recollect whether there was anybody in Mr. Stanton's room besides Mr. Middleton, yourself, and Mr. Stanton?

Answer. There was not. In the first room, I think, there were three or four clerks—two young men and an elderly gentleman.

Question. Did you ever see, or were you ever made acquainted with, young Cady Stanton?

Answer. Never saw him to know him. I did not know that Henry B. Stanton had a son until after this affair of the bonds.

Question. Was there any circumstance that called your attention to the clerk making out the bond at that time by which you could give a personal description of him?

Answer. I think he is in the office now. I think the last time I was in the office I saw him making out the bonds. I think he is a small-featured man, with gray eyes, and a little freckled in the face, light complexioned.

Question. You think there were two young men and an elderly gentleman there?

Answer. Yes, sir.

Question. Do you recollect the personal appearance of the other young man?

Answer. A good-looking young man, with dark hair and eyes.

Question. Should you know him if you should see him?

Answer. I think I would.

Question. Did Mr. Middleton see Smith at all to your knowledge?

Answer. He might have seen him, and he might not.

Question. How long a time intervened, in your opinion, betwixt Mr. Smith's saying to you that things were arranged and your entering, with Mr. Middleton, Stanton's office?

Answer. Mr. Middleton, previously to the bond being given, asked me if I would have any objections to going on a bond with him. I told him no. He stated that they had got into difficulty with the custom-house, and that was the first occasion that a bond had been required of them. I told him that I had no objections to going on the bond at all. So the next day, or the day after, I think—I will not be certain which—I went up to the custom-house with him to give this bond, and, as I said that I had negotiated with Smith in reference to it, I will state how it took place: I happened to be passing along through the custom-house within a few days of the time that this bond was given, and having heard about the getting up of bonds, I asked Smith about it. He said he thought it could be done, and wanted to know why. I told him I understood these things were done, and if other people are doing it I didn't know why we should not do it. He afterwards told me that it could be done. When I agreed to go on this bond of Middleton I did not know that the bond was for so large an amount, and that I would have to justify to the amount of \$64,000. As soon as I went up there, and found that this was the case, I turned to Smith: "You say you can buy up these bonds. What will it cost to get up this bond, the penal sum of which is \$64,000? I cannot swear that I am worth \$64,000." Says he, "I will see." He goes to Mr. Stanton's room and comes back. There was some little difference about the price; I think he asked \$650. He went back and forth two or three times, and finally came down to \$600; and when we got as far as that I said to Smith, "Now, if Mr. Stanton is going to sell this bond, what odds does it make whether I swear I am worth \$64,000 or 64 cents? I cannot swear that I am worth \$64,000. If he has a mind to take me, and not swear me, I will go on the bond. It makes no odds to him if he sells this bond." Smith says, "I will go in and see him." He went in to see him; was gone some little time; came back and said, "That will be all right; he will not ask you any questions at all." I said, "Are you sure of that?" and he said, "That is understood." "I want it distinctly understood," says I, "that I will not swear to any amount at all." He went away, came back and said, "It

is all right; you will not be asked any questions at all." When we went into Mr. Stanton's room Mr. Middleton came up, and Mr. Stanton says, "Is this Mr. Middleton?" "Yes, sir." "Are you worth the amount of that shipment?" Mr. Middleton says, "Yes, sir." He then turns round to me: "Is this the bondsman?" Says I, "Yes, sir." "Will you swear?" (waving his hand;) and that was all there was about it.

Question. Now, I want to recall your attention to the point about which I was inquiring before this statement. What, in your opinion, was the intervening time between the last interview with Smith and your entering Stanton's room with Mr. Middleton?

Answer. I do not think it was ten minutes, because about that time I stood there waiting for Mr. Middleton to get his papers through. He had sent for me to come up to the custom-house. I went to the custom-house; found Mr. Middleton, and he said, "I will be through in a few minutes." He was standing in a line, and I stood there talking to Mr. Smith while Mr. Middleton was getting his papers through.

Question. In your former testimony you stated that for some reason you had occasion to open the door that led into Mr. Stanton's office, and you found him leaning on the desk and talking with Smith?

Answer. That was not upon this occasion, but at another time. Smith was then negotiating for some other bonds, and staid a long while. I was in a hurry, as it was just before change, and I went to the door of the front office, but I could not see him in there; and I opened the door, went in and looked through the other door; and he was leaning on the desk talking with Mr. Stanton.

Question. Was that in reference to an arrangement for the surrender of a bond?

Answer. Yes, sir.

Question. Do you recollect what one?

Answer. I do not.

Question. Was it previous to, or after, this arrangement, about the \$64,000 bond?

Answer. It was after the first bond, the \$64,000 bond; in the course of two or three weeks or a month after that.

Question. You do not remember either, I suppose, the specific bond or the amount of it, when you saw Smith leaning on the desk and talking to Stanton?

Answer. No, sir; it was a small bond; I think he asked \$150, and I told him that was an exorbitant price, and he went back and forth two or three times; Mr. Stanton would not yield at all. Smith said that Stanton said it was just as much risk to take a small bond as a large one. On another occasion when he was negotiating for the surrender of a bond, \$25 split them, and finally it was settled by his agreeing to pay \$100 before three o'clock, Stanton saying that he wanted to use that amount. This was about two o'clock.

MARCH 22, 1864.

Alfred T. Conklin recalled.

By the chairman:

Question. Do you recollect whether the bonds that came into your hands were surrendered or given up without the word "cancelled" being upon them, without Mr. Stanton's name being upon them?

Answer. The names were cut out.

Question. Who cut them out?

Answer. I cut them out after they came into my hands.

Question. Do you recollect how long it was after the execution of the bonds before you obtained them through Mr. Smith?

Answer. I obtained one of those bonds inside of an hour after it was executed.

Question. Can you recollect who the principal of the bond was?

Answer. It was Middleton & Co; I was the security on it.

By Mr. Rollins :

Question. Did you go in with Middleton when he executed it?

Answer. Yes, sir.

By the chairman :

Question. Was that bond executed before Mr. H. B. Stanton?

Answer. Yes, sir.

Question. Did he charge you a surety fee upon it?

Answer. I think a dollar and a half or two dollars; that was paid, and within an hour from that time I had the bond in my possession.

Question. Do you know what that bond cost?

Answer. Six hundred dollars.

Question. When the bond came back, the word "cancelled" was not written across it; it was simply handed to you as you left it?

Answer. Yes, sir; that bond is destroyed; all the rest of the bonds are intact, with the exception of the signatures of Middleton & Co.

Question. What was the cause of this bond being destroyed?

Answer. That was the first bond that was ever got up.

Question. For what amount was it given?

Answer. About \$64,000 was the penal sum. When this bond came up, it was a bond of a larger amount than I was willing to swear that I was worth, (\$64,000.) I told Mr. Smith these gentlemen want me to go upon a bond for \$64,000, and I do not feel as if I wanted to swear that I am worth that; and the consequence is, that if I do not swear to that I cannot go upon that bond; but as Mr. Stanton is going to give us that bond back immediately, what odds does it make whether I swear that I am worth \$64,000 or 64 cents? The bargain was made before the bond was given that the amount to be paid for it was \$600.

Question. How do you know the bargain was made?

Answer. I made it.

Question. With whom?

Answer. Mr. Smith.

Question. And he made it with whom?

Answer. I suppose he made it with Mr. Stanton.

Question. How was he spoken of generally; what designation was given him?

Answer. Mr. Stanton; I did not know there was a younger Stanton there; I did not know Mr. Stanton nor the boy. I made this agreement, and I will tell you how it proves that it is Mr. Stanton who is concerned. When I told Mr. Smith that I would not swear that I was worth \$64,000, says I, if you will go to Mr. Stanton and get him to agree not to swear me, I will become bondsman on the bond. He went from me into Mr. Stanton's room; I stood in the rotundo; he went in there, was gone from three to five minutes, came back again, and he says it is all right. Within ten minutes afterwards, the papers had progressed so far that they went into Mr. Stanton's to have clearance made and the bond taken. We went in there before Mr. Stanton; Mr. Stanton turned to Mr. Middleton and says: "Is this Mr. Middleton?" "Yes." "Do you swear that you are worth the amount of this shipment," (raising his hand,) "I do." "Is this the bondsman?" (turning to me.) "Yes, sir." "Do you swear?" (raising his hand.) "Yes, sir." So we carried out the programme.

Question. Are you willing that we should subpoena Mr. Smith, right here before you? We understand that he has made a different statement in reference to this matter.

Answer. I have no objections. There is some foundation for the remark, and it happened in this wise : On Saturday evening—I don't know what day it was, but on the evening of the day I was examined by Mr. Jordan, (I think it was some two months ago,) Mr. Smith called upon me at my house, and stated that he had been examined by the Solicitor of the Treasury, (Mr. Jordan,) and asked me what I had stated to the Solicitor, and I told him that I had given all the facts in regard to the transaction of the bonds.

Question. How did Mr. Smith receive that communication from you, when you made that statement?

Answer. He was very much agitated, and stated that he, in his examination, had denied having known anything about the transaction of the bonds, and if it were known he would be excluded from the custom-house as a broker; he was very much alarmed in regard to the matter. I stated to him that the Solicitor of the Treasury and Mr. Denison had promised that he should not be disturbed in his business, nor should have any trouble about this matter in case he came up and stated the facts. That was what I told him; Mr. Jordan had promised me he would not disturb him. I felt that if they chose they could put him out of the custom-house immediately, and I did not wish to see him thrown out of his business. He then asked me if I would not see Mr. Denison and Mr. Jordan in regard to the matter, and he would go before them. I called at the custom-house on Monday morning and saw Mr. Jordan, the Solicitor, and Mr. Denison, and stated to them that Mr. Smith would come before them and give them all the facts.

Question. Did he agree with you at that time to go again before the commission and make a full statement of what the truth was?

Answer. He did.

Question. Did you give him the particulars of what you had said?

Answer. No, sir; I merely told him in this wise, that I had given them all the facts just as they were in regard to it.

Question. And he agreed to do it?

Answer. Yes, sir.

Question. Did he call upon the Solicitor on that Monday morning?

Answer. I called upon the Solicitor that Monday morning, and Mr. Denison and he together said they would send for him and examine him; they did send for him. I understood that he did not vary his testimony, as they told me afterwards.

Question. Is there any other statement in regard to these bonds which you can give us, as to their execution or surrender, which will aid us in our investigations?

Answer. I can give you one instance which happened in buying up these bonds; it must be three or four months ago; within the last six months, at any rate. Mr. Smith was negotiating for a bond, and he was some time in the room with Mr. Stanton; I was in the rotundo waiting; Mr. Stanton generally occupied the room furthest west. I was in a hurry, and after waiting for Smith to come out, I thought I would go and see whether he was in the office; I looked in the front office and he was not there; and after looking through the glass, I opened the door and stepped in, and I saw him (Stanton) leaning on the desk and talking to Smith; I never for a moment supposed that there was anything else he was talking of to Mr. Stanton but that matter. I was then negotiating for the bond, and was waiting for an answer, for Smith to come out and give me an answer. I looked through the glass door, as I said; could not see Smith; came into the room far enough to see that he was talking to Stanton, and then, of course, I knew that he was probably talking about the transaction. He was leaning on the desk talking to Mr. Stanton, and I went back, and in a few minutes he came out, and the negotiation was carried out. I for-

get which of the bonds it was, but it was one of the bonds which are now in the hands of the Solicitor.

Question. Do you recollect what was the language of Smith when he came out after that?

Answer. He said I could have the bond at the price named. I guess it was ten days or two weeks before the negotiation for the last bonds was closed up, on account of the difference in price. When they were closed up, we got all the bonds except one, I think; one of them he never returned; that is to say, we bought one bond more than we ever got back. My view of the matter is, that these custom-house bonds that we bought were never entered in the books of the custom-house; there is no record of them.

By Mr. Rollins:

Question. You understood when you were giving the bonds that they were to be surrendered when you signed them?

Answer. Not all of them.

Question. You did when you gave the first?

Answer. Yes, sir.

Question. It was in your mind that it was all substantially one transaction—the giving and the abstraction of the bonds? You understood that they were to be delivered up?

Answer. The first one—yes, sir.

Question. That was substantially one negotiation?

Answer. Before I went upon that bond the bond was agreed to be given up at a certain price. I would not swear that I was worth \$64,000.

MAY 4, 1864.

Henry C. Smith sworn and examined.

By the chairman:

Question. Do you reside in this city?

Answer. Yes, sir.

Question. What is your occupation?

Answer. Custom-house broker.

Question. How long have you been in that business?

Answer. Twenty-six years.

Question. You have had something to do, the committee understand, with negotiating for bonds given for the exports of goods?

Answer. Yes, sir.

Question. As we understand, you have had something to do with procuring the cancellation of these bonds?

Answer. Yes, sir.

Question. Sometimes in the legitimate way of business, and sometimes not in accordance with the law, it seems? The committee would like to know if you have any additional information or recollection different from that to which you have testified heretofore, when you were before the special agents of the Treasury Department?

Answer. I do not know that I have; I think I gave a full and explicit statement then. I do not recollect now the questions nor the answers given, but I am satisfied that I gave at that time all the information I knew to the questions propounded to me. There might have been questions asked me which I could have answered, but I think I gave full answers to the questions asked of me.

Question. If I recollect rightly, the drift of your testimony was to the effect that the negotiations that took place, with reference to the cancellation of these bonds, were either generally or exclusively with young Stanton?

Answer. Exclusively with him.

Question. I would ask whether you have any knowledge or reason to believe that this matter was directly known to H. B. Stanton, the father?

Answer. No, sir; I hardly think he knew anything of it; I never had any reason to suppose that he did; I do not think he did.

Question. Did you ever approach the elder Stanton (H. B.) upon the subject yourself?

Answer. Never.

By Mr. Rollins:

Question. Are you willing to say that your testimony given on the former examination before the special agents of the Treasury Department is a truthful statement, to be so considered, and used by this committee?

Answer. To the best of my belief it is a truthful statement, and I am willing that it should be so used.

By Mr. Le Blond:

Question. I wish you would give us a description of Mr. Stanton's room—the elder Stanton's?

Answer. There were two rooms. [Witness here explained their location.]

Question. In whose department was the son (young Stanton) doing business?

Answer. In his father's department.

Question. Where had he his business desk?

Answer. In the first office as you went in. The two rooms were separated by a partition, with a glass door.

Question. Could the elder Stanton see upon the desk of his son?

Answer. I really don't know whether he could or not from his desk.

Question. You could see from young Stanton's to the elder Stanton's?

Answer. Yes, sir.

Question. What kind of a window was it between the two offices?

Answer. There was a glass door between the two offices?

Question. You say you could see the elder Stanton from young Stanton's desk?

Answer. Yes, sir; by standing at the railing of the desk.

Question. From that location you could see from desk to desk?

Answer. Yes, sir; the son transacted most of his business at the desk on the railing.

Question. When you went to negotiate this \$64,000 bond for Middleton & Co., upon which Mr. Conklin was bail, where did you make that negotiation?

Answer. All the arrangements were made at this railing.

Question. Was the elder Stanton at that time at his desk?

Answer. I do not recollect.

Question. Do you recollect seeing him?

Answer. I would not like to swear to it, because I do not recollect; he was almost always in his office during office hours.

Question. Had you had any arrangement with young Stanton for the cancellation of these bonds prior to this particular transaction in reference to the \$64,000 bond?

Answer. Never had anything to do with him except these bonds of Middleton & Co.

Question. How did you come to approach him on the subject?

Answer. I will give the same answer as I did before. I don't know whether I approached him or he suggested it; I could not swear as to that.

Question. What is his age?

Answer. I should think he might be 23 or 25; he might not be over 22 or 23.

Question. What consideration did you get for transacting this business for Mr. Conklin?

Answer. We got different sums on different bonds—I forget the amounts.

Question. How much did you get on the \$64,000 bond?

Answer. I never knew anything of the bonds; Mr. Conklin would give me a small piece of paper—a memorandum—"that such and such a bond has been given, and I wish you would get it up;" and the amount might not be stated.

Question. I would ask whether young Stanton was in the habit of taking these bonds to his father for acknowledgment, saying that he would fill out the body?

Answer. Yes, sir; ready for signing. At times they would be signed before sending them; sometimes the father was not there; there were other notaries in the building.

Question. At the time these bonds were made, and particularly this first bond of Middleton & Co., upon which Conklin was surety, did you make an arrangement with young Stanton that Mr. Conklin was not to be inquired of as to the amount of property he was worth?

Answer. Mr. Conklin suggested whether he was competent to go as surety upon it, and I told him that I thought the matter might be arranged. At times before he, Stanton, (the elder Stanton,) was very careless in taking depositions of parties, and I took it for granted that he might be so in this instance.

Question. Did you talk to young Stanton about it?

Answer. He had nothing to do with it; it was the father who took the depositions.

Question. What reply did you make when Mr. Conklin told you that he could not justify to that amount?

Answer. There was a question whether he could justify, and I told him that the matter might be arranged, or fixed. When he came out he remarked to me that it was all right.

Question. Why did you say to him that the matter might be arranged, when you have already said that the young man was the one with whom you transacted this business; that you had never transacted any at all with the elder Stanton, and at the same time you say that the elder Stanton was the man to take the acknowledgment of these bonds?

Answer. Yes, sir; I made this remark, that at times Mr. Stanton was careless.

Question. Why do you use the words "that an arrangement might be made," which presupposes a previous understanding between you?

Answer. I might have said to him I think it can be fixed; I might have said you had better go on, as I fancy there will be no trouble. I don't know what occurred at the time; I might have said, "don't borrow trouble; wait until he questions your ability to go as surety." What impressed that subject upon my mind was that I recollect he said he had no trouble.

Question. You are acquainted with Stanton's mode of doing business: now, will you give any reason why he should have omitted to ask of Mr. Conklin the same questions as to his pecuniary standing in this case, as you say his usual custom was?

Answer. I don't know why he should on that one.

Question. How long had young Stanton been in his father's bureau?

Answer. I think ever since it was established, either he or his brother: I think he was there from the first.

Question. What were his habits?

Answer. I don't know anything of him except seeing him in the custom-house; I never knew him until I saw him there.

Question. To whom did you pay this money?

Answer. To young Stanton.

Question. What is the amount of money you paid upon these several bonds?

Answer. He got \$25 on each bond.

Question. Just give us the amount that you received upon each one of these bonds.

Answer. I don't know that I could.

Question. How much did you receive upon this \$64,000 bond?

Answer. As I said before, I don't recollect the amount. I could not swear what was the amount of any of the bonds; what I swore to at the time was correct.

Question. Do you recollect receiving upon one bond \$600?

Answer. If you could give me the amount of the bonds I could tell better; I think I did; I will not be positive.

Question. If you received \$600, how much of that money did you pay to young Stanton?

Answer. Only \$25 on each one.

Question. Who got the residue?

Answer. I did; I dislike to swear positively to the amounts.

Question. Did you at another time receive \$50?

Answer. Yes, sir.

Question. Two hundred dollars at another time?

Answer. I do not know; I am rather inclined to say no on account of the amount; I would not like to answer, for I do not really recollect.

Question. Did you receive at another time \$110.

Answer. I think I did.

Question. One hundred and seventy-five dollars at another time?

Answer. I think I did.

Question. At another \$100?

Answer. Yes, sir.

Question. At another \$85?

Answer. I think the amounts are perfectly correct that you have given.

Question. What was the aggregate amount that you received; can you tell that; was it \$1,380?

Answer. I should think not as much as that.

Question. And in each of these instances you gave but \$25 to young Stanton?

Answer. To that I can swear positively.

Question. Did you communicate to young Stanton the amount you were to receive upon each one of those bonds?

Answer. No, sir.

Question. Did you communicate to Mr. Conklin the amount you had to pay?

Answer. He never knew the amount young Stanton got. He would ask me, "I want to cancel this bond," and I would say it could be done for a certain sum, and he would give it to me, or he would say I do not propose to give as much as that, and I will give you so much.

Question. Is Stanton a young man of ordinary mind?

Answer. I think he has a little more than ordinary education—his business qualifications I had no opportunity of judging of; speaking of that, I know that we have had many conversations in the custom-house as to facilities for education, and I should judge that he was a young man of more than common education.

Question. Did you at any time suggest to him that this abstraction of bonds was illegal?

Answer. I don't know whether the conversation ever occurred. I felt satisfied upon one thing: Mr. Conklin on every bond said everything was perfectly right, and he would get the certificates for everything. He said everything was going on right, and his object was to save trouble. I had implicit faith in the house of Middleton & Co.

Question. And yet you knew that it was a violation of the laws of the custom-house?

Answer. I must say that I did not suppose that everything was perfectly legitimate.

Questions. In any of your conversations did he say to you that he knew this thing was illegal?

Answer. I do not think that this conversation occurred. There would be a small slip of paper handed to young Stanton, and he would give the bond back. Mr. Conklin would give me a memorandum, "Middleton & Co., by the schooner Jane," or whatever vessel it was, and that would be handed to young Stanton, and he would give me the bond.

Question. Would you pay him the money immediately?

Answer. Immediately.

Question. Right at the desk?

Answer. Sometimes he would come and see me in the rotundo, and ask me for the money.

Question. Was any of this money paid in the presence of anybody else?

Answer. There might have been casual observers.

By the chairman:

Question. Where were these bonds kept?

Answer. Mr. Stanton, on taking the depositions, always put them in his drawers.

Question. When you negotiated with young Stanton, he would pass into his father's room and take the bond?

Answer. The parties who signed the bonds carried them in to the elder Stanton.

Question. When you gave young Stanton the slip you speak of calling for a bond, I want to know where he got the bond from?

Answer. Mr. Stanton would put them in a case he had; it was in the room where young Stanton was; a deposition taken to-day would go into young Stanton's room.

By Mr. Le Blond:

Question. When you called for a particular bond, did you at any time have to go into the elder Stanton's room to procure that bond?

Answer. I think he said in one instance that it had not left his father's room. Mr. Conklin said to me that he had given such a bond, and "will you see about it," and I asked young Stanton, and he said it was in his father's room, and he did not give it to me at that time.

Question. You say you approached young Stanton in consequence of rumors afloat in your city: had you known of any particular transactions where parties had purchased other bonds in the manner you did these?

Answer. No, sir; except the rumors I heard all over the building that such things were done in that room; and when Mr. Conklin made the suggestion to me I thought that was the place to inquire.

Question. Did Mr. Conklin make the suggestion to you first?

Answer. I never had any business with Mr. Conklin until this thing transpired.

Question. Who made the first advances—he to you or you to him?

Answer. Mr. Conklin spoke about having such a document, and of course I would not know that he was on any bonds unless he had mentioned it.

By Mr. Rollins:

Question. You have stated that you entered into these negotiations with young Stanton because of rumors that were floating round.

Answer. Yes, sir.

Question. From whom did you receive the first intimation that this iniquity could be practiced?

Answer. It was common talk.

Question. I want you to put your finger on the man.

Answer. I don't know that I could. Allow me to suggest that the New York custom-house is a very big place, and that we are constantly hearing this story and that story.

Question. You could not hear such a rumor without somebody communicating it to you.

Answer. Of course.

Question. Who?

Answer. I don't know, more than it was the common talk.

Question. Try and refresh your recollection, and see if you cannot inform me who first suggested that these bonds could be cancelled or abstracted from the custom-house in the manner in which you subsequently accomplished it.

Answer. I don't know who mentioned it first.

Question. Do you recollect any man who mentioned it?

Answer. I don't recollect any person in particular.

Question. Do you recollect any person in general?

Answer. No, sir.

Question. Do you then undertake to swear that you heard these rumors for two years or for a longer period of time, from various parties, and you cannot now state any living human being who communicated these suspicions to you?

Answer. During seasons when there is nothing doing in the custom-house there will be a knot of brokers standing in one corner of the room, and the clerks will come out; one will suggest such a thing is going on; "I read it in the Sunday Atlas or some other Sunday paper." Every broker in the building might have suggested that to me, and I would not be able to swear to any particular one.

Question. I want you to name some man who could have ever suggested to you the idea that these bonds could be abstracted?

Answer. I might give you an answer, and say that every broker around the rotundo has talked this.

Question. Name one?

Answer. I would not positively swear that such a man has said so; every broker in the building might have said so; I would dislike to swear that any one in particular has done this.

Question. You got the suggestion that Stanton could be approached?

Answer. Yes, sir; it has been the common talk.

Question. What Mr. Stanton?

Answer. It was the common talk as to the elder Stanton.

Question. You got the suggestion that you could get these bonds through the elder Stanton?

Answer. I have heard that.

Question. You remember that perfectly well, but you do not remember the further fact who it was that communicated the fact to you?

Answer. I don't know that any one person said positively to me: "Mr. Smith, bonds could be got from Mr. Stanton;" but I will swear positively that it was the common talk around the building.

By Mr. Le Blond:

Question. You say that by this common rumor it was understood that bonds might be had in this way from the elder Stanton; why, then, would you go to the younger Stanton instead of the elder?

Answer. I don't know why, except that I came more directly in contact with him.

Question. Had you heard in this general conversation in the rotundo that it could be done through the younger Stanton?

Answer. I understood that the whole office was rotten; that anything could

be done there. They said that there was one party there that could not be approached, (Mr. Waddell;) that he was the only honest man in the department.

Question. How long has this reputation of that department existed?

Answer. Since that bureau was established; I was away in the army when it was first established.

Question. How long has that bureau been established?

Answer. I got home from the army January, 1862; it was established then; I went away in May, 1861.

Question. Was that the reputation of this department upon your return from the army?

Answer. Yes, sir.

Question. And has continued ever since?

Answer. I have always heard so to the present time.

Question. You then called upon young Stanton because he was the handiest?

Answer. I supposed he was the most come-at-able.

Question. Did you hear him spoken of in that respect as frequently as you did of the elder Stanton?

Answer. It was the common remark—he was one of the Stanton family; there appeared to be little faith in the Stanton family.

Question. That they were approachable so far as dollars and cents were concerned?

Answer. That is what I have heard; I mean nothing disrespectful to the gentleman; I speak of it as the rumor.

By Mr. Rollins:

Question. You say that this was common rumor; do you mean to say that this was the common remark on 'change?

Answer. I mean in the rotundo of the custom-house; outside of the building, the only place that I ever heard of it I saw it published in the Sunday papers that certain things could be got through by paying for them, and that there never was such corruption and bribery as in the present custom-house. That was one of the rumors I read in the papers. Of course, Monday morning, if there was one of the clerks spoken of, we would bring the paper down and show it to the other clerks, and have a laugh over it.

Question. Do you think that the general opinion as to the Stantons was such as you indicate among all the merchants?

Answer. No, sir; this was simply among parties in the building. I think the brokers got their ideas from this one peculiar circumstance, that when some gentlemen came in to become sureties, he would be very particular in asking how much property they had, while in regard to others he would not be so particular. It was rather the opinion of the brokers than of the mercantile community.

Question. In these negotiations did you have anything to do personally with Middleton & Co.?

Answer. No, sir.

Question. Which of the Middletons transacted the business?

Answer. I never went in with them when they signed the bonds; I had nothing to do with that; I presume the principal and the surety went in together. Mr. Conklin was the only man I had anything to do with.

By Mr. Le Blond:

Question. Did you ever divide any part of the money that you received for procuring the abstraction of the bonds with any one else?

Answer. No, sir.

Question. You kept that yourself?

Answer. Yes, sir.

Question. No person was in partnership with you or had any interest in it whatever?

Answer. No, sir.

Question. You never gave any part of it to any other individual in the custom-house to accomplish that object?

Answer. No, sir.

Question. Or out of it?

Answer. No, sir.

Question. You speak of Mr. Stanton as receiving fees?

Answer. Yes, sir.

Question. What fees do you allude to?

Answer. The charge for taking the acknowledgment.

Question. How much?

Answer. I think the charge was fifty cents where there was one party; if there were two, the charge was seventy-five cents or a dollar; I think he charged according to the trouble.

Question. Did he require the parties to pay a government fee of forty cents?

Answer. He required a twenty-five cent government stamp; they require a forty-cent fee now, which he did not then; he would collect his notarial fee.

By the chairman:

Question. Have you seen Mr. Stanton lately?

Answer. I think the last time I saw him was when Mr. Bailey was here; I think that is the only time I have seen him since he left the custom-house.

By Mr. Le Blond:

Question. Did Mr. Stanton intimate to you then anything in regard to this transaction?

Answer. No, sir; he was in the room when I went in; I had no conversation in reference to this matter before this gentleman, and no private conversation.

Testimony of Henry C. Smith, recalled.

NEW YORK, March 23, 1864.

Henry C. Smith recalled.

By Mr. Le Blond:

Question. What time in the day did you generally negotiate with young Stanton, as you say, to obtain these Middleton bonds?

Answer. Whenever Mr. Couklin would come up.

Question. What time in the day was it that you obtained this \$64,000 bond?

Answer. I could not say what time of the day it was. It was always between ten and three that I negotiated for them.

Question. Was the elder Stanton at his desk during the time that you made these negotiations?

Answer. I would not like to say whether he was or not.

Question. Was he there at the time that you made the negotiation about this \$64,000 bond?

Answer. I don't know whether he was at that time. He may have been there. I think he was in his office most generally during business hours.

Question. Was he in his room at the time you had this conversation with the younger Stanton with reference to these bonds?

Answer. Without being able to swear positively, I should say that the chances were that he was in his office. He was there most generally during business hours.

Question. Did you obtain any of these bonds the same day that they were given?

Answer. I think most generally they were given the next day. I mean they were delivered. It might have been after three o'clock.

Question. You obtained them the second day after they were given?

Answer. Generally the next day.

Question. Are you sure that you obtained any on the same day that a bond was given, or not?

Answer. I don't know about that. I should hardly suppose they were given during office hours. It might have been just after three o'clock.

Question. Do you know whether you obtained one the very day it was given?

Answer. I should think not, from the fact that they always remained in the elder Stanton's office until the second day.

Question. Now I want to ask you if this \$64,000 bond was not obtained the very day it was given, and in two hours after it was given?

Answer. I do not recollect it.

Question. Do you not know it was?

Answer. I do not.

Question. Did you not upon that very day, and in two hours after that bond was given, go to the desk of the elder Stanton, lean upon it, and talk with the elder Stanton upon that or some other subject?

Answer. No, sir. I never mentioned a word with him upon that subject.

Question. Were you ever connected with any parties in reference to the importation of cotton, or with reference to any cotton trade whatever?

Answer. No, sir.

Question. Did you ever transact any business in the custom-house with reference to cotton?

Answer. I have made a hundred different entries.

Question. Did you, during the time you were negotiating about the Middleton bonds, go to Mr. Stanton's desk expressly for the purpose of talking with him about cotton, or anything else?

Answer. That I don't know.

Question. Were you in the habit of going to Mr. Stanton's desk (elder Stanton) and talking with him about any matter that did not pertain to the business you had immediately under your control?

Answer. Never. I never knew the man other than as a public official, unless you came to me and asked a question, and the only way was to go to Mr. Stanton having charge of that room; then I would go.

Question. Did you, at the time you were negotiating this \$64,000 bond, go into the elder Stanton's room at all?

Answer. As regards that matter, I did not. I never had a word with Mr. Stanton upon the subject of any of the bonds.

Question. Did you not, on the very day you negotiated the \$64,000 bond, go to the elder Stanton's desk, lean upon it, and talk with him about it?

Answer. I never opened my mouth to Mr. Stanton upon that subject.

Question. Did you talk with him upon any other subject?

Answer. That I would not like to say. I might have been in there a dozen times.

Question. When you entered the custom-house, did you not go for the purpose of negotiating the lifting of that \$64,000 bond, and for no other purpose?

Answer. A little piece of paper would be given me saying what papers were wanted. I might have had some other business. I might have had some captain with me. Whether I went in with a captain, or had the memorandum alone, I cannot remember.

Question. Can you not remember whether you had some other business?

Answer. I cannot tell. I might have had other papers with me. After the

memorandum was given me by Mr. Conklin, and before going in, a captain might ask me to go on and get a clearance for him.

Question. Did you not leave Mr. Conklin on the outside waiting until you returned?

Answer. Yes, sir.

Question. Is it at all likely that you would go on negotiating with any other person while he was waiting for you?

Answer. I could leave the captain to sign his bonds, and then come out with his memorandum.

Question. Could not a man stand at the door that opened into the elder Stanton's room from the rotundo, look through the window, and see whether you were at the elder Stanton's desk or not?

Answer. I think not, because I am positive that the glass is ground.

Question. Are there not streaks through it that are not ground, so that you can see as I have stated?

Answer. I never noticed.

Question. You say that you have no recollection that you were at the elder Stanton's desk during the negotiation of the \$64,000 bond?

Answer. I had no object in going to the elder Stanton's room. The only thing that would take me there would be for me to bring an acknowledgment of that bond.

Question. We have it in proof before us that when you left Mr. Conklin you went into the elder Stanton's room, went to his desk, and stood there talking with him; that you came out and communicated to Mr. Conklin the fact that he (Stanton) had agreed to the terms of the negotiation; that you negotiated with Mr. Stanton that Mr. Conklin was not to be sworn thus and so.

Answer. I never, directly or indirectly, had one single word to say to the elder Stanton about that single bond.

Question. Did you not go to him upon the point of the sufficiency of the bond?

Answer. You asked me that same question when you examined me before. I am positive in swearing now, as then, that I never had a word to say to the elder Stanton as regards justifying upon any bond, directly or indirectly.

By the chairman :

Question. Who does determine as to the sufficiency of the bonds?

Answer. At that time the elder Stanton did.

Question. You just stated that you never had a word with him about the surety of this specific bond.

Answer. I never had a word to say to him about the Middleton bonds.

Question. You did have a conversation with him about the sufficiency of that bond?

Answer. No, sir.

Question. Were you in the room when the \$64,000 bond was executed?

Answer. No, sir. I had nothing to do with executing their bonds.

Question. It is in proof before the committee that the surety said he could not swear that he was worth \$64,000, when asked to go upon this bond; that you negotiated that he should not be called upon to testify; that you came back and told him it was the agreement he should not swear.

Answer. In giving my testimony before, one gentleman asked me the question whether I did see the elder Stanton and get him to swear the man in a loose way. I then told him what I tell you, that I pretended to see this gentleman for the purpose of mentioning it to Mr. Conklin, and when I went to Mr. Conklin I said it was all right.

Question. You swear that you did pretend to see Mr. Stanton?

Answer. I did before in my testimony. Mr. Conklin spoke about the pecu-

liarity of the bond: There was something spoken of about the bond. I said I will see Mr. Stanton about it. I pretended to see the elder Stanton. I swore that I did not go into the elder Stanton's room, and never said a word to him upon the subject.

By Mr. Le Blond :

Question. Did you go before the Solicitor of the Treasury to give testimony ?

Answer. I went before Mr. Bailey.

Question. And gave testimony before him ?

Answer. Yes, sir.

Question. Did you commence your examination and then stop before it was concluded ?

Answer. I went one day, and there was no examination whatever. He asked me some questions, and I said I did not know anything about it. I felt I had rather be thought of telling an untruth than commit a breach of what I felt to be confidence between Conklin and myself. He said he knew all about it, and that he was through with me for the day. The next day I was sent for again, and I was put under oath. In the meanwhile I saw Mr. Conklin and told him what had transpired. I told him that I denied knowing anything about the matter. He says, I have been before the committee and I have told everything; and then I said, I will tell everything.

Question. Did you see Stanton between the time you first went before that commission until the time you appeared before us the other day ?

Answer. I did not see Mr. Stanton until I met him in the room before Mr. Bailey—the second visit of Mr. Bailey—until I saw him again to-day.

Question. Did you meet him at any time at one of the hotels of this city ?

Answer. No, sir. I don't know as I have ever seen him since, except to-day. I never had a moment's conversation with him.

Question. Have you ever had any conversation with Mr. Stanton since you obtained these bonds ?

Answer. No, sir, I have never seen him since; never have had any communication with him in any shape or form.

Question. Has any friend of Stanton seen you ?

Answer. No, sir.

Question. Did you say to Mr. Conklin, or anybody else, that this investigating committee, before which you appeared, did not believe a word you said ?

Answer. I made that remark. I felt very unpleasant when I went before the committee, feeling that I had told them an untruth, and to be compelled to come the next day and say that I had told an untruth. I may have said that to fifty persons.

Question. Have you not put yourself in the same position in saying to Mr. Conklin and others that you were negotiating this matter with the elder Stanton, when, in fact, you had nothing to do with him ?

Answer. I said to Mr. Conklin that I negotiated these matters with Mr. Stanton. He has told me since that he was under the impression that it was the elder Stanton I had reference to.

Question. You also gave him to understand that the man you were negotiating with was to be given the principal part of the consideration, and that this man was the elder Stanton ?

Answer. That, of course, was his impression. I don't know that I ever told him so. That was his impression.

Question. You feigned, of course, to go in there, negotiate, then come back and report ?

Answer. Yes, sir.

By the chairman:

Question. You say there was no negotiation with anybody about surrendering this large bond before it was executed?

Answer. I have no recollection of it.

Question. Do you recollect Mr. Conklin saying that he could not give any bond as large as that (\$64,000 bond)?

Answer. No, sir.

Question. He swears that he told you that he could not justify in as large an amount as that bond called for; and he says that there was some talk betwixt you and him upon that point?

Answer. There must have been some talk, from the very fact that I pretended to see Stanton.

Question. It is in proof before us that there were preliminary negotiations about this large bond between yourself and Mr. Conklin, and the question was in Mr. Conklin's mind how that bond could pass, and after conversation betwixt you and him, upon this explicit point, he stated that he could not swear to so large an amount; that he told you that he would have no objections to go upon the bond if he were not required to swear to it?

Answer. I have no recollection of that portion of the conversation. He was not willing to go on. There was, no doubt, conversation between Mr. Conklin and myself; what it was I have no knowledge. I have not the slightest doubt that there was conversation between Mr. Conklin and myself, and I base it upon the fact that I intended to go in.

Question. If Mr. Stanton would not require him to swear that he would go on the bond, could young Stanton have had anything to do with it?

Answer. Yes, sir.

Question. You say, I will fix that; you go in. Now mark the words. The witness here swears that he saw you leaning over Stanton's desk; that you came out, came to Mr. Conklin, and it was all fixed.

Answer. Then this gentleman swears to an untruth, if he tells you I went into the elder Stanton's room. I swear, just as positively, that I never did anything of the kind.

Samuel S. J. Frith sworn and examined.

By the chairman:

Question. Please tell us the nature of your business, and how long you have been engaged in it.

Answer. My business is that of importing and exporting; have been engaged in it in this city since 1854; export to the West Indies and the Provinces—chiefly, however, to Bermuda and Turk's Island.

Question. During the last three years there has been a change in the mode of shipment of goods; you are now required to give bonds that you were not formerly required to give?

Answer. Yes, sir.

Question. Have you been in the habit of giving these bonds?

Answer. Yes, sir.

Question. You signed them as principal? Have you ever signed any as surety?

Answer. No, sir. We signed in the first instance as principals. We never signed as sureties.

Question. How many bonds have you given?

Answer. I could not tell you how many—quite a number

Question. Have you got any of them up?

Answer. I have never had any back. I have the certificates from the consul at Bermuda showing the landing of the goods, but none have been cancelled.

Question. In this export business were you not often delayed? Could you always get clearances as quick as you wanted them?

Answer. Always, by taking our sureties there to sign the bonds at the time we were clearing the goods.

Question. Have you ever found it necessary to pay anything to any of the custom-house officials to facilitate your business?

Answer. We have never paid one cent ourselves, or by any one else for us.

Question. Do you do your own business at the custom-house?

Answer. We do our business through a broker, but sign our bonds ourselves. When we receive invoices we carry them to our broker. As a general rule we have cleared ourselves all the goods that we have shipped.

Question. With whom did you negotiate the execution of the bonds and their acceptance at the custom-house?

Answer. Formerly there was a man by the name of Stanton there.

Question. Did you know him personally?

Answer. No, sir.

Question. Did you know his son?

Answer. No, sir. I know there was a Mr. Stanton there. I used to have to go into his back office to verify my bonds.

Question. What had you to pay when you did that?

Answer. I am under the impression that once or twice some fee was taken—a dollar, perhaps.

Question. Don't you always have to pay a fee?

Answer. I have paid my fees in the other office. I am under the impression that there may have been some fee.

Question. Do you recollect the amount you paid?

Answer. Probably fifty cents or a dollar.

Question. Your name has been given to the committee as one who knew (not that you have been concerned in it yourself) of parties who had paid money to custom-house officials. Let me explain to you that the object is not to find evidence against yourself, or any other citizen, but if there is anything wrong in the custom-house, to reach it and expose it. We find that some merchants are under the impression that their business will be injured, and they will be annoyed and inconvenienced, if they should come forward and testify to any abuses they may know of in the custom-house. I can assure you if there are abuses, made known as prevailing there, they will be corrected; and any employé of the custom-house who should delay, hinder, or annoy any witness in the transaction of his business there, who should come before us, would find himself a head shorter.

Answer. I don't know of any one paying any money.

Question. To Mr. Stanton or any one else?

Answer. No, sir.

Question. To obtain bonds, to facilitate clearances?

Answer. No, sir. I have heard that such a thing has been done, but I never heard any party's name connected with it.

Question. Have you not a suspicion of the men who naturally would do that very thing?

Answer. I have not.

Question. Have you not any suspicion or belief yourself?

Answer. No, sir. There are a number of men in the same business with myself. I tell you, if I even for a moment could have suspected that I could have got a bond in this way, I would not have done it.

Question. The question is whether anybody has done it?

Answer. I have no knowledge of it.

By Mr. Rollins :

Question. What evidence did Mr. Stanton require of you as to the sufficiency of the bond, when you executed it?

Answer. I believe at that time we had to furnish one surety who had real estate, which is the case now.

Question. Did he require you to swear to the fact that you yourself were responsible for the amount?

Answer. Yes, sir.

Question. That you had real estate?

Answer. No, sir; but required that of the surety.

Question. Do you feel sure about that?

Answer. No, sir, I am not quite positive about that. It is done now in a very different way from what it was. I am under the impression that in these bonds we did not fill out the residence of the party. I may be wrong.

Question. Do you trade to Nassau?

Answer. No, sir.

Question. Has your trade increased since the rebellion broke out?

Answer. No, sir.

Question. I mean the trade to the West Indies?

Answer. No, sir. In one sense it may be. Since the war broke out we have a great many vessels consigned to us, for which we have to get freights. In that respect it has increased, because foreign vessels have had more carrying trade.

Question. I wanted to inquire whether the orders from these ports have increased?

Answer. I think not. Our trade is with retailers, and has been from the time I first came here. One man will order twenty barrels of flour, another ten, another five, and so on.

By the chairman :

Question. Do the custom-house officers always use you well?

Answer. I have always been treated very gentlemanly.

Question. Has there been any attempt to extort money from you, or any wrong practiced upon you there in any way?

Answer. No, sir.

Question. Do you know of anything wrong there?

Answer. No, sir.

Testimony of William E. Darrell.

SS PEARL STREET, NEW YORK, March 17, 1864.

William E. Darrell sworn and examined.

By the chairman :

Question. Please tell us your business.

Answer. Commission merchant to the West Indies.

Question. Have you been engaged in shipping goods there for the three or four past years?

Answer. Yes, sir.

Question. And your business has required you to give bonds?

Answer. To Nassau, it has.

Question. Have you taken up any of these bonds?

Answer. I have cancelled all my bonds up to July, 1863.

Question. Do you do your own business at the custom-house?

Answer. Yes, sir.

Question. With whom did you do business there ?

Answer. With the regular officers.

Question. The bonds, I particularly allude to.

Answer. The bonds I signed before Mr. Stanton.

Question. What was the method of cancelling them as pursued then ?

Answer. They were cancelled on the production of a certain certificate which was given by the receivers in Nassau before the American consul—a certificate to the effect that the goods were not intended for the use of the southern confederacy ; that was the custom at that time ; they have altered it since.

Question. What was the reason that the bonds since July, 1863, have not been taken up ?

Answer. That is more than I can tell you. Under the new form, before I would shape anything I required to know what was going to cancel that bond, and they gave me a form of a certificate which they told me would be all that was sufficient. I complied with the regulations, but they refused to cancel the bonds—for what reason I cannot tell. In the new form of certificate the consul makes out the same sort of affidavit that the receiver does. Under the old arrangement the consul's certificate was that these parties had made such and such affidavits before him. Under the new form, the consul certifies to his knowledge of these facts, or his belief of these facts, in addition.

Question. Have any of these bonds been surrendered by any other evidence—by verbal statements ?

Answer. None, that I know of.

Question. Any upon which you were surety ?

Answer. No, sir ; I know nothing of the sort.

Question. Do you know of any consideration passing to custom-house officers to facilitate the clearance of these goods ?

Answer. I do not.

Question. Do you know of any consideration passing to any one connected with Mr. Stanton's bureau, for the execution of the bonds ?

Answer. No, sir.

Question. It has been in evidence before the committee that some persons have received \$100 every time they signed as surety on a bond. Have you any knowledge of that kind ?

Answer. No, sir.

Question. Never paid any yourself ?

Answer. Never to any custom-house officials.

Question. To any other persons ?

Answer. To other persons I have paid for becoming bondsmen.

Question. I would like to ask what is the usage that requires the payment of any money to obtain a surety ?

Answer. It is simply this: you cannot get them unless you pay for them. If a man becomes liable on a bond, he considers it worth a consideration.

Question. How much do you have to pay ?

Answer. Two and a half per cent. to each bondsman, on the amount of the invoice.

Question. Is that a legitimate transaction ?

Answer. I suppose it is. I know I would not bond for any man without consideration. There is a risk to run. It is a sort of insurance. Not that we supposed that there was anything wrong in these cases, because we took care, before we shipped these goods, not to send anything of a suspicious nature.

Question. Do you ever go as surety upon any bonds ?

Answer. No, sir.

Question. Have any of your bonds ever been surrendered without the production of the consul's certificate ?

Answer. None have been surrendered without the production of the certificate.

By Mr. Le Blond :

Question. Have any of the bonds themselves been surrendered to you ?

Answer. No, sir ; none without the production of the certificate. Up to last July I have had them cancelled.

Question. Do they deliver them to you after they are cancelled ?

Answer. The bonds are not delivered, but they are written across the face, "cancelled." We see the indorsement made. We get a certificate of the cancellation which is indorsed on the bond.

By the chairman :

Question. Do you yourself know of any consideration passing into any one's hands in connexion with the custom-house for cancellation of bonds ?

Answer. I do not.

Question. Have you reason to believe it has been done ?

Answer. I know nothing more than what rumor says. I have never heard any names mentioned.

By Mr. Rollins :

Question. What evidence did Mr. Stanton require of you as to the sufficiency of the security upon the bond ?

Answer. I had to swear to a real estate qualification. Mr. Stanton always insisted upon that.

By Mr. Le Blond :

Question. Could you do business with young Stanton without the knowledge of the elder Stanton ?

Answer. Young Stanton had the full run of the office. He might have very easily taken every bond, if he wished to do so, because he was the clerk in charge of the bonds.

Question. Did the bonds remain in his possession, or were they in his father's possession ?

Answer. They were in his possession as clerk. He had charge of that department. The father was in one room, and the bonds were in another.

Question. You say that you have not had any bonds cancelled since July last ?

Answer. Yes, sir.

Question. Who first objected to the cancellation of the bonds ?

Answer. Mr. Hanscom.

Question. While Mr. Stanton was in office he never made any objections to the cancellation ?

Answer. No, sir. Since his removal, the objection has been made by Mr. Hanscom, and I cannot get satisfaction one way or the other. This morning I met him and produced my certificates and asked him to compare them with my bonds ; that he would find proof that the duties had been paid and the requisitions of the bond complied with in every particular. I said to him, "Here is the certificate from your consul." "Anybody can get that," he says, and he recommended me to apply to the Secretary of the Treasury to have it done. The present form of certificate originated with the Solicitor of the Treasury, and the form of the cancellation ; but before I would shape anything, before I would give bonds for anything, I wanted to know what would cancel them, and Mr. Stanton showed me both of these forms, and I have made my shipments accordingly.

Question. Do they not suggest to you what proofs are necessary ?

Answer. They make no suggestions to me, whatever. I asked Mr. Hanscom what form of a certificate I should get. He did not suggest any. The only suggestion he made to me was to apply to the Secretary of the Treasury, and notify him that they refused to cancel the bonds.

Question. Is there any rumor or suspicion that the goods you exported have been used for the benefit of the southern confederacy ?

Answer. None, that I know of. Mine is not the only case of merchants in New York who have bonds in the same position, and who have shipped to Nassau.

Question. Were these shipments upon which bonds were given, and which are not cancelled, all shipments to Bermuda and Nassau ?

Answer. All made to Nassau.

Question. Have you shipped to any other ports besides Bermuda and Nassau ?

Answer. Yes, sir. To several of the West India islands.

Question. Have you any bonds which they have failed to cancel, where you made shipments to other ports ?

Answer. They require none to other ports.

By Mr. Rollins :

Question. How long have you been engaged in this Nassau trade ?

Answer. Since 1858.

Question. Has it increased rapidly since the rebellion broke out ?

Answer. I suppose it has increased, perhaps, 50 per cent.—doubled, probably.

Question. How do you account for that increase ?

Answer. Increased consumption from people there now—there are more consumers there.

Question. Has the number of your correspondents increased ?

Answer. Yes, sir ; my business has been on the increase all the while.

Question. You ship principally provisions ?

Answer. Scarcely anything else. I made it a point not to ship anything that was at all likely to go out of Nassau—anything which I considered there was the least risk in shipping.

By Mr. Le Blond :

Question. Do you know what has caused this increase of population at Nassau ?

Answer. The influx of strangers from other parts.

Question. Have you been at Nassau since the rebellion commenced ?

Answer. No, sir.

Question. Have you had any means of knowing where this population comes from—from what particular locality ?

Answer. I have not.

By Mr. Rollins :

Question. Have not the Confederate States sent agents there for the purchase of provisions and munitions of war ?

Answer. I have heard so.

Question. Do you know who those agents are ?

Answer. No, sir ; I have heard a name mentioned.

Question. What name ?

Answer. Lafitte.

By Mr. Le Blond :

Question. You have already answered that your correspondents have increased since the rebellion.

Answer. Yes, sir.

Question. Do you know the character of your new correspondents—where they are from ?

Answer. They are all Nassau people, I believe.

Question. Of how long standing ?

Answer. Natives—born there.

By Mr. Rollins :

Question. These parties would have no scruple about selling provisions to feed the confederate army if they could make a good profit by it. What reason have you to believe that they do not ?

Answer. The only reason I have to suppose that they have not is, that they have kept good faith with me ; if I found out that they did not, I would have nothing to do with them

Question. They are in no way responsible to you ?

Answer. Yes, sir.

Question. In what way ?

Answer. They must hold me harmless for any improper act they may do under these bonds. Unless I knew the man, I would not trust him. I have refused many a correspondent that I thought I could not rely upon.

Testimony of Francis T. Montell.

NEW YORK, *March 17, 1864.*

Francis T. Montell sworn and examined, of the firm of Montell & Bartar, 168 Pearl street.

By the chairman :

Question. Will you please inform us in what business you are engaged, and for how long you have been so engaged ?

Answer. Have been about six years in the shipping and commission business here. Commenced doing business in Baltimore in 1833, and came on here. My business is that of importing and exporting ; recently, however, I have not been doing any importing for myself ; goods have come consigned to us. Once I did considerable business myself with Cuba, Havana, and Matanzas, but of late years I have confined myself exclusively to commission business.

Question. Was your business with these islands importing from there ?

Answer. Exporting considerably, and importing some little.

Question. Have you lately been in the habit of exporting goods to the Bermudas ?

Answer. On account of orders received from there we have—to Nassau and New Providence.

Question. Has this business required you to give bonds ?

Answer. Yes, sir.

Question. Who did your business at the custom-house ?

Answer. I did it myself.

Question. Who had charge of the bond department when you were doing business at the custom-house ?

Answer. I commenced giving bonds to Mr. Stanton—afterwards to Mr. Runkle.

Question. On the giving up of these bonds there were certain conditions required, I suppose, to enable you to get them up again ?

Answer. Yes, sir ; we were to furnish, as I understood it, certificates from the consul that these goods were landed in Nassau, and that they had not in any way or manner been used to benefit those in rebellion against the government of the United States.

Question. Have you any bonds in the custom-house now given for that purpose which you have not taken up ?

Answer. A large number ; they were cancelled on the consul's certificate up to a certain time, and then they stopped, and said those certificates were not satisfactory, because they were based solely upon the affidavits of the consignees,

and the consul did not certify from his own knowledge of the character of the consignees, nor of the disposition of the property consigned.

Question. Who took objection to the bonds?

Answer. Mr. Stanton.

Question. How did you then proceed?

Answer. We wrote to Washington and asked them to allow us to cancel our bonds, and they wrote to Mr. Stanton about them. Just about that time Mr. Stanton got into disrepute in some way, and went from the bond department, and Mr. Hanscom requested us to give him information in what way our certificates were informal, and we then furnished him with that evidence, and wrote on again to Washington.

Question. While Mr. Stanton was administering the bond bureau, were there any bonds of yours given up, or, rather, cancelled, in any other manner than you have spoken of?

Answer. We never get the bonds from the custom-house; our bonds that are cancelled are all left there; he merely wrote across them "cancelled," keeping the certificate as his authority.

Question. You never had any knowledge of any bonds being given up in any other manner?

Answer. No, sir.

Question. Did you go as surety upon any bonds?

Answer. We would not sign any bonds for anybody but ourselves; we have been doing business with Nassau for thirty-odd years.

Question. Were those bonds cancelled, any of them, on any other consideration, to your knowledge or belief, than the production of the consul's certificate?

Answer. Not that I know of. I never in my life offered a bribe to anybody, because, if I did, I would consider that I would be just as bad as the man who received it.

Question. To your knowledge or belief I ask you.

Answer. Not to my knowledge.

Question. To your belief I will ask you.

Answer. We had plenty of reports that Mr. Stanton has received bribes; I have no more knowledge about it than that.

Question. Have you any belief about it?

Answer. No, sir; I should be very sorry to say that I believed Mr. Stanton received bribes, although he may have done so. I should be sorry to think so of any man.

Question. Have you any suspicious in your own mind, from any transactions that you have seen, or that have come to your knowledge, that money was used to obtain the cancellation of bonds? Allow me to say that the evidence is before us that this has been the case.

Answer. A great many people say so, but I don't know anything about it myself.

Question. A gentleman has given us your name as being able to specify instances where this has been done.

Answer. That gentleman has done wrong.

Question. Do you know of any cases where money has been taken?

Answer. I don't know of a dollar.

Question. I will vary the question. Do you know of any money being used to facilitate the clearance of vessels going to suspected ports?

Answer. I could not say that I could give you an instance.

Question. Did you ever hear any man say that he had facilities for getting things through the custom-house in a way that was not legitimate, and contrary to the usual, honorable, and proper mode?

Answer. No, sir.

Question. Do you believe that it has been done?

Answer. I would suppose that it might be done from what people say, but it may not be so.

Question. The committee have been told, before they undertook to investigate this matter, that the merchants when called upon would evade answering questions put in reference to these matters by professing ignorance, or that they could not specify the cases, when it is just as well known that they could do it if they chose, and that they are unwilling to have their names connected with the investigation.

Answer. I assure you if I could in any shape or manner have known that a man was doing wrong I would tell you without the least hesitation; I should consider it my duty to do so.

Question. Do you know of a man or a firm who you think could give us this information?

Answer. No, sir.

By Mr. Rollins:

Question. Have your shipments to Nassau largely increased since the rebellion?

Answer. They have.

Question. Has the number of your correspondents increased there?

Answer. Yes, sir, but of no persons except those belonging to the island.

Question. What per-centage has your trade increased to Nassau since the rebellion?

Answer. I would suppose double what it used to be.

Question. What number of bonds have you given to the custom-house, and what number have been cancelled?

Answer. We have cancelled thirty or forty; there are one hundred yet to cancel.

Question. Have the custom-house authorities delivered any of the bonds to you?

Answer. Not one.

Question. On what evidence did you cancel them?

Answer. On the consul's certificate.

Question. Have you ever known of an instance where a bond has been cancelled by a verbal statement?

Answer. No, sir.

Testimony of Joseph Encas.

FORT LAFAYETTE, March 19, 1864.

Joseph Encas sworn and examined.

By the chairman:

Question. Are you a resident of New York?

Answer. I reside in Brooklyn.

Question. How long have you done business in New York?

Answer. Nearly 12 years.

Question. Exporting and importing goods?

Answer. Yes, sir.

Question. Where have you been exporting goods to?

Answer. To Nassau and Demarara.

Question. How long have you been in that business?

Answer. Ever since I have been here. I started in that business, and have been in it ever since.

Question. How long since you were required in shipping goods to give bonds?

Answer. I could not remember.

Question. About how long?

Answer. I don't know whether it was the summer of 1861 or 1862.

Question. What is the character of the goods you have generally shipped, running back before the war commenced?

Answer. We generally furnished goods for country stores—a sort of mixed business. A man out there sells butter, cheese, lard, as well as dry goods and hardware.

Question. How did the war affect the orders you received from there? Did it increase them?

Answer. It increased them some, for the very reason that they used to do considerable business with Philadelphia and Baltimore, which they do not now, and they used to do business with Savannah, Charleston, and Wilmington, and as far down as New Orleans. I do not think that a vessel has gone from Baltimore since they had the muss with the soldiers going through.

Question. In the shipment of goods you were required to give bonds?

Answer. Yes, sir.

Question. Who had charge of the determination of the character and sufficiency of the bonds in the custom-house when you were doing business there?

Answer. Mr. Stanton, I believe.

Question. Did you do your business directly with him, or through a clerk or clerks?

Answer. I used to go in there to sign my bonds; my broker used to make out my bonds.

Question. Did you ever have any difficulty in getting sureties?

Answer. No, sir; I do not believe I ever did.

Question. Was there ever any objection made to the sureties you offered?

Answer. Yes, sir; in one or two cases.

Question. What were those objections?

Answer. I think the objection was because they could not swear that they were worth enough.

Question. What was done then?

Answer. I had to get somebody else.

Question. Was there any delay in getting a clearance of the goods when you did give the bonds?

Answer. I could not get a clearance until the bonds were signed and checked. I found no difficulty in getting them through at once.

Question. Did you have to pay anything to any individuals to act as sureties?

Answer. I never paid a cent in my life for that purpose.

Question. Did your broker?

Answer. No, sir.

Question. It is stated that it is customary, on the part of several gentlemen, to pay from one to two and a half per cent. on the invoice to the surety?

Answer. I never had to pay anything.

Question. Did you ever pay anything, directly or indirectly, to get a bond executed?

Answer. No, sir; not a cent.

Question. What has become of your bonds that you gave all along?

Answer. They are in the custom-house, I presume?

Question. Are they cancelled?

Answer. A part of them are, and a part of them are not.

Question. How?

Answer. By the consul's certificate; where we sent to islands where there is no consul, we had the magistrate's certificate, or the notary public's.

Question. What did you pay when the bonds were signed?

Answer. I don't know as regards that; my broker always paid my fees to the custom-house; I paid him two dollars and a quarter for executing a bond; that was his regular fee.

Question. Have you ever got up any of these bonds since 1861? Have you had them returned to you when they were cancelled?

Answer. They never returned them to me when they were. When I carried the consul's certificate they used to look them up to see if they corresponded with the certificate.

Question. It is stated in proof that some bonds have been cancelled by cutting out the consul's certificate; have yours been treated in that way?

Answer. I have had nothing of that kind.

Question. It is stated, likewise, that several of these bonds have been abstracted or withdrawn from the custody of the custom-house, and that various sums of money were paid, sometimes as low as \$25, for doing that; have you had any of your bonds returned in that way?

Answer. I have never had any bonds returned since I left them.

Question. Do you know whether your broker has?

Answer. My broker has never paid a cent for me to anybody to do anything of the kind.

Question. Did you or your broker ever pay anything to the inspectors' aids or the special deputies to facilitate or hurry along goods and get them passed?

Answer. Never; I never paid anything; I don't know that my broker has; I never paid him anything but his regular fees.

Question. You own some vessels in the trade?

Answer. I own a part of some.

Question. Did you have an ownership in the *Indus*?

Answer. Yes, sir.

Question. Did you always know what cargo she took out?

Answer. She took freight generally, for people who shipped goods.

Question. Whether they were your own or somebody else's?

Answer. Everybody had the privilege of shipping in her; she was always put up on freight.

Question. Were there any restrictions by you to the captain as to the class or character of goods that came on board, contraband or otherwise?

Answer. We didn't know what a man shipped when he had packed his goods.

Question. Were any directions given by you to the officers as to what goods should be received?

Answer. No, sir; to be candid with you, I don't know what is contraband in New York. We made a rule that we would not sign bills of lading until we found out that they had given bonds for the goods.

Question. Do you recollect the trip of the *Indus* when the captain died?

Answer. He died out at sea; I think it was off Cape Henlopen.

Question. Do you recollect the fact that the vessel was loaded and cleared about the last days of June or the first days of July, 1863?

Answer. No, sir; I could not tell whether she went that time; the captain died the last voyage; it was in the fall of the year—October or November; I know it was cool weather.

Question. The object is not to find evidence with reference to yourself, but here is the point to which I want to call your attention: In June or July, 1863, the *Indus*, it has been sworn to before us, late one afternoon was hauled out into the stream, and did not sail until the next morning; that a large, heavy box or trunk—so heavy that it required several men to handle it—was put on board; that also two or three smaller packages, evidently part and parcel of that shipment, were taken on board; and it is also in evidence that a custom-house employé, or aid, whose business it was to look after the thing for the inducement of \$250, turned his back and allowed this trunk or box to go on board; and it is reported that after this vessel made this trip, that this trunk or box contained one of the torpedoes which was placed in one of the harbors by the rebels.

Answer. I don't know a word about it; I never heard of such a thing. The other committee asked me about submarine batteries; I had never seen one in my life. I don't know who the officer was, nor anything about the case. If it was done, it was unknown to me; if I knew, I would tell in a moment. I am not very friendly to some of the folks in the custom-house.

Question. Do you know who was mate of the *Indus* at that time?

Answer. I do not.

Question. Would the books of the ship show what was put on board?

Answer. We do not generally have the books; they generally carry the cargo book every trip; it is a little book—a pamphlet.

Question. Is that vessel in port now?

Answer. Yes, sir.

Question. Who is the captain?

Answer. I don't know his name.

Question. What did they send you down here for (Fort Lafayette)?

Answer. I don't know; I believe it is through the ill will of somebody in the custom-house; I believe I was only sent down here to effect some litigation going on in court.

Question. Who do you think was instrumental in getting you here?

Answer. I don't know for certain; I only suspect the parties who sent me here; I don't think anything of that kind ever went in the vessel.

Question. You said that you were not very friendly to some of the custom-house officers: do you know of any impropriety or abuses in the custom-house?

Answer. I do not; I never paid a cent to any one in the custom-house in my life; nothing but my regular fees.

Question. Did you have anything to do with Mr. Palmer?

Answer. No, sir; I merely knew him by sight; I don't know that I ever spoke to him before I was down here.

Question. Do you know what became of your goods that you carried to the Bermudas?

Answer. I shipped to Nassau; we had certificates that they were used out there.

Question. How long have you been here (Fort Lafayette)?

Answer. Ever since the 1st of January.

Question. Did you ever run any other vessel than the *Indus* that was in this trade?

Answer. We had several vessels that used to go there at different times, but none that I owned the whole of.

Question. Is your business going on in New York?

Answer. Not that I know of; they have got my books, and have had them ever since January.

Question. Have you been before the military commission?

Answer. Yes, sir; I know what they tell me there; they spoke to me about shipping 1,500 pairs of blankets; I never shipped more than two blankets.

Question. Did you ever take any English goods in original packages that were not opened in New York?

Answer. That I don't know; I could not tell.

Question. Did you ever carry any hay?

Answer. I don't know that I ever carried any hay, except for Mr. Miller, the man who had a contract for cattle out at Nassau.

Question. With whom?

Answer. The British government; he had a contract to furnish the troops with beef, and I carried hay for him.

Question. Where was it put up?

Answer. I believe he used to have some of it pressed at Dillon's, in Burlington; as a general thing he used to ship it along with the cattle.

Question. Did you ever take any telegraph wire?

Answer. I believe there was a piece went out in one of these vessels.

Question. Who shipped that?

Answer. The captain.

Question. You mean by that coils?

Answer. About one coil.

Question. Do you know anything about any arms going?

Answer. No, sir; nothing of that kind.

Question. Any sabres?

Answer. No, sir.

Question. Horseshoes or army shoes?

Answer. No, sir; I have never bought an arm since I have been in this country, or a pound of powder; I never carried any that I know of.

Question. Some one has stated that there were 105 bales of blankets, and that there were sabres in the hay?

Answer. I never shipped over two pairs of blankets in my life, to my knowledge; I don't know that I ever bought more than a pair.

Question. Do you know whether there were any in the bundles of hay?

Answer. I don't believe there was anything in the bundles of hay.

Question. Did you hear afterwards that there was anything concealed in the hay?

Answer. No, sir; because when Mr. Miller put hay aboard, the cattle used to eat all they wanted to going out, and the rest was left for the cattle until they killed them.

Question. You are not aware of having shipped any contraband goods?

Answer. No, sir; not that I know of.

By Mr. Le Blond:

Question. Then you have no knowledge of having shipped any upon your own account, or upon the account of any person else, upon your vessels?

Answer. No, sir; I never allowed goods to go unless people got their clearances; I don't know what was in their cases; I took it for granted that they were their own goods; I didn't know but that everything was going on regular.

By the chairman:

Question. Did you ever hear anybody say that they had facilities for getting goods through the custom-house easier than other people?

Answer. Not to my knowledge.

Question. Did you ever hear any one say that they got the inspectors or special aids to turn their backs and allow things to go on board by "greasing their fingers," or by paying them anything?

Answer. I never did.

Question. Then, I understand you to say that you never had any difficulty in getting your goods along?

Answer. I never had my sureties refused more than once or twice; Mr. Bacon has gone my surety several times, and Howell & Rockwell, who keep a provision house; we had different parties; I could not tell who they were, for I do not remember.

By Mr. Rollins:

Question. How many bonds have you given, and for what amount?

Answer. I don't know.

Question. About how many?

Answer. I could not tell you.

Question. What is the amount of your business to Nassau since the rebellion commenced?

Answer. That I could not tell you.

Question. About how much?

Answer. I could not tell within 50 or 100,000 dollars of it.

Question. Don't you attend to your business yourself?

Answer. Generally.

Question. Do you mean to be understood that your business with Nassau, since the rebellion commenced, has been so large that you cannot tell within 50 or 100,000 dollars what it amounts to, with all your personal attention to it?

Answer. I do not think I attended to it altogether; I could not tell what my business with Nassau was; it would be only mere guess-work; I never looked over it to see how it was.

Question. Don't you know what your business amounts to from year to year with Nassau?

Answer. No, sir; I never looked to see what it amounted to altogether in one year.

Question. Tell, as near as you can, how much your business with Nassau was for the year closing December, 1863.

Answer. I could not tell you.

Question. Tell me as near as you can.

Answer. I don't know how to form an idea of it.

Question. Was it \$100,000?

Answer. More than that.

Question. \$500,000?

Answer. I don't think it was.

Question. How much was it before the rebellion?

Answer. I could not tell.

Question. Was it \$200,000 per year?

Answer. I should think it was.

Question. Have not their orders largely increased since the rebellion?

Answer. Some of them have.

Question. Has not your business with Nassau more than doubled since the rebellion?

Answer. I don't think it has; I could not tell you.

Question. Do you mean to say that your business with Nassau may be about half a million annually, and that before the rebellion it was anything like that?

Answer. I had more customers in Nassau before the rebellion than I have got now, because a great many of my customers have left me and gone to other houses.

Question. Still the amount of your sales has more than doubled?

Answer. I do not think it has.

Question. Do you say that it has not doubled?

Answer. I do not think so; I never looked to see.

Question. You don't know much about your business?

Answer. Yes, sir; I never looked to see what amount of business I did with Nassau was, because we had business with the islands around the Bahamas.

Question. What has been the character of the goods ordered since the rebellion, of which there has been this large increase?

Answer. The orders are general—the same as we always used to have; we are probably sending more flour than we used to do, because they used to get that from other places. Philadelphia used to trade a good deal with Nassau, and I don't suppose that two vessels have gone from there for Nassau since the rebellion, as two or three houses who used to do that business have failed.

Question. Don't the confederate government have agents in Nassau who order goods from New York?

Answer. Not from me; everybody I did business with in Nassau belongs

there and the islands around there; the goods that I have sent never went into the rebellion to my knowledge.

Question. Have some of your vessels been seized by the government?

Answer. A steamer was stopped here; that is the rejection I spoke of; her name is the "José." Everything on board of her was cleared regularly; the principal part of her cargo was potatoes, apples and cabbages.

Question. It is very easy, is it not, for goods to be shipped to Mr. Jones in Nassau; Mr. Jones might sell them to Mr. Smith, and Mr. Smith might sell them to an agent of the rebels?

Answer. It might be done.

Question. It is not a very easy thing to place goods on board of these vessels, give a bond, have the bond cancelled by the certificate as you suggest, and still have these goods go directly to aid the rebellion, by making these sales that I suggested?

Answer. They take their oath that the goods are not going to be sold for that purpose.

Question. Have you any doubt that it might be done in the way I have suggested?

Answer. I have not been in Nassau since the war; I don't know.

By Mr. Le Blond:

Question. You claim to be a British subject?

Answer. Yes, sir; I have got a wife that belongs to Connecticut; I have no desire to see this country separated; I expect my children to be educated here and to be citizens of the United States.

Question. Are you naturalized?

Answer. No, sir.

Question. Did you ever make application to be?

Answer. No, sir; when I came here I owned some property, and I owned a British vessel, and I didn't know whether I would stay here or not.

Question. Did you ever exercise the right of suffrage in this country?

Answer. No, sir.

Question. Do you know anybody who has been concerned in shipping goods to the rebels from New York?

Answer. There are plenty of people in New York who never shipped anything to Nassau until this rebellion, and I do not see why I should be troubled when such people are not troubled. The committee told me they had a report where I shipped 1,500 pair of blankets.

Question. You might have received them from somebody else?

Answer. I never received them, nor knew anything about it.

By the chairman:

Question. I understand you to say that the cargo of the José was simply apples and potatoes?

Answer. The bulk of it.

Question. What was the rest of it?

Answer. She had twenty-two cases of gin, a dozen each; a few boxes of claret; two or three boxes of wine; a box of bitters, and a wagon.

Question. Who owned the wagon?

Answer. I owned it in a measure. There was a party who asked me to pay for it. I paid the money for it. I was to deliver it in Nassau, and they were to pay for it. The party was Wagner.

Question. Where did he live?

Answer. He was here at the time. I don't know where he lived. I understood he was doing business in Nassau. I believe he came from Nassau.

Question. Did you ever know him before?

Answer. No, sir.

Question. Was he introduced to you by anybody?

Answer. I believe he was. Who it was I could not tell.

Question. Would you take a carriage and pay for it yourself without knowing whether the party was responsible?

Answer. I have done such things when I had charge of the property and shipped it.

Question. Was the wagon made in New York?

Answer. I presume it was. It was bought in New York.

Question. How came it on board?

Answer. It was shipped.

Question. Who sent it down?

Answer. I suppose it was the man that it was bought from. I had a receipt for it. I paid the money for it.

Question. Who gave the order for the making of it?

Answer. I don't know. I believe this man bought it himself, but I paid for it.

Question. Do the committee understand that the man came to New York, gave an order for a buggy, which is made for him, even having the letters of his name put on it?

Answer. That I don't know anything about.

Question. Having the initials of his name on it, that it is sent to you, and you, without any knowledge of the man, pay for the wagon?

Answer. I understood that the man had means.

Question. Who did you understand it from?

Answer. I think there was some one else from Nassau here at the time, who introduced me to him. I had full charge of the property. I have paid for goods for people from the islands, and when I get them out there, I deliver the goods to them.

Question. What became of the wagon?

Answer. It is here in New York. I suppose it is here. They took it out of the vessel.

Question. Was there anything with the wagon belonging to it?

Answer. I do not remember whether there was or not. There may have been a harness. I am not certain.

Question. Did you pay for the harness?

Answer. I am not certain. I paid the bill. I could not tell whether there was a harness or not.

Question. Did you not know where the wagon was going to when it got to Nassau?

Answer. I understood it was going to be used in Nassau.

Question. Do you not know that this individual stated to the persons of whom he bought the wagon that he was going to use that wagon in Montgomery, Alabama?

Answer. No, sir.

Question. When did you undertake and agree that you would receive pay for it in Nassau?

Answer. I could not state the time.

Question. How long before the vessel sailed?

Answer. Probably three or four days.

Question. You did not go to the maker of the wagon with the man for whom it was designed?

Answer. No, sir.

Question. Who did you understand from that the buggy was to be used in Nassau?

Answer. From Mr. Wagner.

Question. Did he say anything about his horses?

Answer. He asked me if I could ship him a horse, and I told him I could not, because a restriction was put on horses and cattle.

Question. He says that he had made large sums of money in running the blockade?

Answer. That I don't know anything about.

Question. Did he say anything about this being the last trip he was going to make?

Answer. He never made any remarks about it.

Question. He seems to have been rather boastful, and a man very fond of telling his business, and told in two or three places in New York that he had made money by running the blockade, but was going to try it only this time; that he had a wagon, harness, and a very fine horse.

Answer. I heard that in the court-room. I never knew anything about it until I heard it there.

Question. Did he not come here with the intention of buying the José. Did he not say that to you?

Answer. No, sir.

Question. That he had brought on the money for that purpose?

Answer. No, sir. He never said any such thing to me.

Question. Was there any other thing which was brought on board of the vessel for him besides the wagon and harness?

Answer. What liquors there were.

Question. Was there anything else besides these hampers or cases of liquors on the vessel?

Answer. I believe there was not, except the cases of goods.

Question. What were in the cases?

Answer. There were a few cases of goods of different kinds. I could not tell you what the items were; just like those that are picked up for a country store.

Question. Did you not claim at that time that you owned the entire cargo?

Answer. I claimed that I owned it. The potatoes and apples I ordered sold in Havana. I paid for every dollar on board, vessel and all.

Question. Were you in court in connexion with the José?

Answer. Yes, sir.

Question. Do you recollect what you swore to at that time?

Answer. I don't know as I can remember word for word.

Question. Do you recollect where the vessel was cleared for?

Answer. For Havana, and there is the place where she was going.

By Mr. Le Blond :

Question. Did the owner of the wagon take passage on your vessel?

Answer. Yes, sir.

Question. Who did you buy the vessel from?

Answer. From the United States marshal.

Question. What sort of a title did he give you?

Answer. A bill of sale.

Question. Was your name inserted in it?

Answer. I believe it was.

Question. You could not hold an American vessel.

Answer. I put her right under the British flag, and I sent the bill of sale to the British consul. I believe Mr. Edwards made out the papers.

Question. How many vessels are you interested in individually?

Answer. Five, I believe.

Question. Do I understand you to say that the title that the marshal gave you was made out in your own name?

Answer. I don't know whether it was or not. I suppose it was. They generally gave me a bill of sale. They may have given it to me in blank without filling it up with my name. I have bought vessels many a time without filling up the name.

Question. Did you not direct how it should be made out ?

Answer. No, sir.

Question. You say you owned in your own right five vessels ?

Answer. A part of five.

Question. How many has your wife an interest in ?

Answer. She has an interest in two.

Question. Has any vessel in which your wife has an interest ever been suspected of running the blockade and been seized ?

Answer. No, sir.

Question. How many that you have an interest in have been seized ?

Answer. Only this steamer José.

Question. And the bills of sale of the vessels in which your wife has an interest—upon whose direction were they made out in her name ?

Answer. It might have been mine. I had a power of attorney from her to act.

Question. When she acquired an interest, you instructed the person who drew up the bill of sale to incorporate her name as the party in interest ?

Answer. I believe so. I would sometimes tell them to put in my own name.

Question. When the bill of sale was completed, did you not have your own name incorporated ?

Answer. I expect the bill of sale of this steamer has got my name ; I am sure that my name is in it as the purchaser.

Question. Put in at the time of the purchase ?

Answer. That I don't know.

Question. Was it put in the bill of sale before or after the seizure ?

Answer. I never had a bill of sale since the vessel was seized.

Question. Who has the bill of sale ?

Answer. The authorities took all the papers.

Question. And that bill of sale was among the papers ?

Answer. Yes, sir.

Question. Don't you know whether your name was incorporated in it or not ?

Answer. I believe my name was incorporated in it.

Question. Your wife had no interest in that vessel ?

Answer. No, sir.

Question. Did anybody who was an American citizen ?

Answer. No, sir ; I paid every cent for her ; I am the sole purchaser.

Question. After this paper was put in your possession, do you have any recollection whether you incorporated your name in it, or afterwards ?

Answer. I do not remember whether I did ; I know I sent the bill up to Mr. Edwards, who made out the paper ; I took it then to the consul.

Question. When you bought other vessels did you not always direct in whose name the bill of sale should be drawn up ?

Answer. In some instances I have, and in some not.

Question. Have you ever had a bill of sale where you were the sole purchaser, and where your name did not appear in it as purchaser ?

Answer. Yes, sir.

Question. Who was that bill of sale signed by ?

Answer. I don't know ; I remember receiving one upon one occasion ; you go round to the brokers to buy a vessel.

Question. The purchaser's name is inserted by him when these bills of sale are brought to him?

Answer. Some of them are, and some of them are not.

By Mr. Rollins :

Question. As an English subject you claimed that you could do as you pleased; you could buy and sell blockade runners?

Answer. No, sir.

Question. You do not make any such claim as that?

Answer. No, sir; I only bought the vessel.

Question. Did you not say to some parties, about the time of this transaction, that you, as a British subject, had a perfect right to buy and sell blockade runners?

Answer. I don't know that I ever did.

Question. Do you undertake to swear that you did not use that language, or language equivalent to that, to parties in New York, about the time of the purchase of this vessel?

Answer. I don't remember using any such language.

Question. You will not swear that you did not use the language?

Answer. I don't think I did; I have no interest in the south.

Question. It is a pretty well established fact that you made such a statement as this.

Answer. I don't know that I ever did; I have no desire to injure the government at all in any way or shape.

By the chairman :

Question. You say you are the owner of the José?

Answer. Yes, sir.

Question. What time was she seized?

Answer. On the 6th of October.

Question. Was she properly cleared?

Answer. Yes, sir.

Question. Did she, to your knowledge, have anything on board other than those goods that you have spoken of?

Answer. There was nothing on board but what she actually cleared, to my knowledge—nothing more than her stores.

Question. How long after she was seized were you notified of it?

Answer. I heard of it the next morning.

Question. Did you take any steps to find out the cause of her being seized?

Answer. Yes, sir; I went to the British consul, and he wrote to the collector.

Question. Did you apply to the British consul in the first instance?

Answer. Yes, sir.

Question. And he wrote to the collector?

Answer. Yes, sir.

Question. What was the next step?

Answer. He wrote to the collector twice—so he told me; I believe it was some ten or twelve days before the second letter came; and his answer was, that owing to the multiplicity of business his officers had not made their report.

Question. Then it continued to linger on in just that shape?

Answer. Yes, sir; they asked me to hold on a few days longer; after a few days I went down to see him again, and he said it did not appear as if the collector was going to make any answer. He told me that I had better make a list of the invoices and send it to Lord Lyons. I understood after that Lord Lyons had seen Secretary Seward, and he had written to Mr. Barney.

Question. In the meanwhile, did you approach any one or any one come to you with reference to her release?

Answer. I never approached any one. I went to Mr. Frederick Smythe

(No. 1 or 2 South William street) about selling a vessel, the Southern Belle, I think. Two or three days after that I met him in Beaver street, or at the corner of Wall and Pearl, and he told me there was a man came to him who wanted to know of him if he knew me; he told him "yes;" and he wanted to know of him if I would give a couple of thousand dollars to have her released. I asked Mr. Smythe who the man was; and he says, "You know these times are troublesome times, and if these folks find out that I was saying anything about it they would give me considerable trouble." He finally told me who the man was; this man was Hussey. The very next day after my steamer was stopped he (Hussey) came into my office, the man who I supposed was this man, (he is a stout, pretty good-looking man,) and brought a letter and left it. One of my clerks handed it to me, and I asked him who brought the letter, and he says, that man who has just gone out. His name was signed to it, recommending me, if I wanted to get the steamer cleared, to go to Webster & Craig, and they would probably get her clear. That letter is in my hands now. Soon after that Mr. Myers told me (I don't know whether I met him in the street or he came into my office) that one of the custom-house folks was asking him if he knew me, and he said yes; and he asked him if I would give \$5,000 to get that steamer cleared. Says I, "Mr. Myers, I will not give a cent, for I am not doing anything wrong or illegal." I told my lawyer all these facts. While the case was going on Mr. Myers came to me again, and he said Mr. Denison requested him to come and see me as to what proposition I had to make about the steamer. Says I, "I cannot see why he should take that liberty with me;" I did not know what it meant. He (Myers) revealed to me some things that he knew. I believe he (Denison) had seized some money belonging to Wolff, and it appears that Myers was going to see him about this money, and he went on to tell me that he (Denison) charged him so much to deliver up the money to him. I don't know whether Myers had made him an offer. "I mean," says he, "to take off the numbers of the greenbacks and have somebody else called as a witness." I told him, (Myers,) "You tell Denison I have got no proposition to make to him." I went in the mean time to my lawyers and told them the circumstances. Says I, "Suppose that man sends for me; what shall I say to him?" Says he, "Listen to the whole story; be careful what you say yourself." Myers came back and told me that he (Denison) said he would let her go for \$25,000; and he says to Mr. Denison, "Do you suppose a man would give more than he paid for the steamer?" and he (Denison) says to Myers, "Would she be worth more, practically, if he sells her to run the blockade?" I wanted them put on the stand, Mr. Hanscom and Mr. Denison; I was very willing that they should be exposed in the court-room; I wanted it all exposed before the public; my lawyers told me, "You hold on; there is time to get them punished hereafter." I took their legal advice. I believe Mr. Denison is the man that sent me down here.

Question. What do you mean when you speak of Denison charging so much to deliver up the money of Mr. Wolff?

Answer. He was making some arrangement to charge Myers so much to deliver up the money. I understood from Myers that he would give Denison so much, and said he had made up his mind to pay so much; and if he did pay, he (Myers) was going to take the numbers of the greenbacks.

By Mr. Rollins:

Question. Without going through the whole inquiry as to Myers and as to the numbering of the greenbacks, you never ascertained whether he did or did not pay the money?

Answer. No, sir.

Question. And do not know now?

Answer. No, sir.

By Mr. Le Blond :

Question. At the interview you had with Myers, had that Wolff transaction been concluded ?

Answer. No, sir.

Question. Have you seen him since ?

Answer. Yes, sir.

Question. Have you had any talk with him ?

Answer. No, sir ; I asked him whether he would testify for me at any time I wanted.

By the chairman :

Question. You stated that at one time Hanscom offered you, through Smythe or Myers, how much to release the vessel ?

Answer. Five thousand dollars.

Question. Did you ever hear from Myers any other transaction like that of Hanscom and Denison ?

Answer. No, sir ; that was the reason I told you on my first examination that I did not know anything of my own knowledge.

By Mr. Rollins :

Question. How long have you known Myers ?

Answer. I believe the first time I ever met him was last spring or winter ; when I first knew him he was taking passage in one of the vessels for Nassau.

Question. Is he a native of this country ?

Answer. No, sir ; he is a Jew.

Question. What is his business ?

Answer. I don't know ; I understood some one to say that he boarded at the Lafarge House.

Question. Do you know what he went to Nassau for ?

Answer. I do not.

Question. You do not know that he has been shipping goods to Nassau ?

Answer. Yes, sir ; I understood he had ; in fact, I know he has

Question. You do not know that he has been detected in running the blockade, and engaged in shipping goods for that purpose ?

Answer. No, sir.

Question. Have you heard anything about his late transactions ?

Answer. No, sir.

Question. That he had trouble with the custom-house about shipping goods ?

Answer. No, sir.

By the chairman :

Question. Did he previously have any trouble with Mr. Denison or Hanscom ?

Answer. Not that I know of.

Question. Did he have any goods seized by them to your knowledge ?

Answer. Not that I know of. I only tell these facts just as he told them to me ; just as I told them to my lawyers at that time.

By Mr. Rollins :

Question. Why did you apply to the British consul in reference to the seizure of this vessel ?

Answer. Because she was under the British flag.

Question. Some of your vessels sailed under the British flag and some under the American flag ?

Answer. I have got none under the American flag.

Question. Your wife has ?

Answer. Yes, sir; this gentleman (referring to Mr. Le Blond) asked me whether any of my wife's vessels were not running the blockade. None of them have been caught. One that she owns a small interest in has been employed by the government for eight months. I have no business with her; she is owned in Connecticut—most of her.

Question. Have you any other evidence that these propositions were made to release this vessel for \$5,000 by Hanscom, and for \$25,000 by Denison, other than the statements of Mr. Myers?

Answer. That is all I have; how much they are worth I can't tell.

By Mr. Le Blond :

Question. You received no written proposition from either one of them?

Answer. No, sir; no more than that letter that Hussey left in the office.

Question. There is no such proposition in that?

Answer. No, sir; nothing more than recommending me to go to Webster and Craig.

Question. Did you ever call upon them?

Answer. No, sir.

Question. What is their reputation in connexion with custom-house matters?

Answer. I don't know; they are men I don't know much about. I don't know that this man (Myers) is in New York now; I can't tell whether he is or not.

Testimony of William A. Smalley.

NEW YORK, March 18, 1864.

William A. Smalley sworn and examined.

Am a resident of the city, and have been all my life; reside in 42d street.

By the chairman :

Question. What is your occupation, and what has it been?

Answer. I have been in the brokerage business for six or seven years—loaning money and business of that description.

Question. Have you been in mercantile business at all.

Answer. No, sir.

Question. The committee understand that you have some knowledge, and, perhaps, have had something to do with the system of getting bonds accepted and cancelled at the custom-house of persons who have been engaged in shipping goods to foreign ports?

Answer. I have had nothing to do with getting bonds cancelled or getting goods through.

Question. You have some knowledge of the way in which bonds have been taken?

Answer. I have been security upon them; not as principal.

Question. For what parties?

Answer. Generally for Mr. Benjamin, and I have been security for Mr. Woolff.

Question. Have you for Mr. Evans?

Answer. No, sir; I don't recollect that name at all.

Question. The committee would be very glad to have you tell us what you may know about these bonds; how they were obtained, &c.; or whether money has been used, so far as you know, in any way in connexion with them.

Answer. I am disposed to tell you all I know in respect to my connexion with custom-house matters in any way. I had a situation in the custom-house which was given to me without solicitation. I had been very active in my party, and had spent between two and three thousand dollars, and was active

in getting places for my friends. Mr. Palmer told me that I ought to have some place for myself. I told him that I could take no place which required active duty. I was appointed a debenture clerk. They told me that in that department there were always some clerks who did not have much to do, and if I chose I could have one of these places, at \$1,000 a year, and I was appointed.

Question. What time was this?

Answer. That must have been more than a year and a half ago; I think it was in the fall of the year 1862, and I used to report to the surveyor.

Question. Were you appointed at the solicitation of any person—any particular parties?

Answer. I think Mr. Palmer spoke to the surveyor.

Question. And you received your appointment from Mr. Andrews?

Answer. Yes, sir; at the solicitation of Mr. Palmer. I drew my pay as long as I staid there, and when they got busy the surveyor said I must go to work, and I resigned.

Question. When did you resign?

Answer. I think in November, 1863; I was there a year and a quarter, probably.

Question. You told Mr. Palmer, at the time you were appointed, that if the office required active duties you would not accept it?

Answer. Yes, sir; if it required constant service. They told me that in that department they had more clerks than they required; that I could report myself, and whenever they wanted me they would let me know. I used to go there every day. I had very little to do; I went with the surveyor sometimes as an aid to examine packages.

Question. How many days do you suppose you were on duty in all—a dozen?

Answer. I think that will cover it.

Question. I interrupted you while you were going on with your statement.

Answer. I was speaking about my resigning. During the time I was employed, I was requested by Mr. Stanton to act for him while he was absent in Washington in December, 1862. I used to be at Palmer's office a great deal to see Palmer to get places for my friends, and I used to be brought into contact with Stanton in that way; they occupied desks close together. I got acquainted with him in that way, and I used to get Mr. Stanton to speak at meetings; for the six or seven days while Mr. Stanton was absent I acted as notary in taking bonds.

Question. You then took Mr. Stanton's place for the time being?

Answer. As a notary; while he was absent from the city his clerks filled up the bonds and I acted as a notary.

Question. Who filled up the bonds?

Answer. One or two of the clerks outside; his son was one, and he also had another clerk or two.

Question. Did any parties justify before you?

Answer. Yes, sir; quite a number during the six or seven days I was there.

Question. Did he give you any special directions about this?

Answer. No, sir; only to act as a notary during his absence. I got paid for every bond that was acknowledged fifty cents; where there were two signatures, twenty-five cents each. I did not care about making the money; I was doing it as a favor to Mr. Stanton; he said I might divide the fees with his son; sometimes we would take 8 or 10 dollars a day and we would divide the money.

Question. Were you present when any of these bonds were cancelled?

Answer. There were more of them cancelled during my time.

Question. Were you present at any time when they were cancelled—when Mr. Stanton was present?

Answer. I do not recollect any time.

Question. Do you know anything of this system that seems to have prevailed at one time of bonds being given up without being cancelled?

Answer. No, sir.

Question. You have heard all about it?

Answer. I have heard it rumored that there were some names cut out of the bonds by Stanton's son. I think it was in May, 1863, that I became surety for Mr. Benjamin, or through Mr. Benjamin's solicitation. I knew him very well; I got acquainted with him along in the early part of 1862. I met him at dinner and other places with others of my friends. Before I voted for Mr. Benjamin as surety, I asked Mr. Stanton about it. I said to him, "Benjamin is a friend of mine, and wants me to act as surety on bonds for him; what do you think about it?" He said, "He has been shipping a very long time, and I guess it is all right; he is a regular shipper," and I became surety for him on several bonds in that way. When I went on the first bond I did it as a matter of favor. After we came out he gave me an envelope with my name on the outside, and after he left I opened it and found a check in it for \$100. I think I deposited the check in my bank to my own account. On several subsequent occasions I went as surety for Benjamin. I spoke to Mr. Stanton, and he said Mr. Benjamin is a regular shipper, and as long as the papers are proper with the consul's certificates we will have to cancel his bonds. Benjamin told me he was shipping on commission; that he had orders from people living in Nassau to purchase goods and ship them. The government required a surety, and he felt that he could afford to give me something for it. I said that I did not want pay from him. There was no understanding between us as to compensation. He gave me \$100 on every subsequent occasion.

By Mr. Le Blond:

Question. What was the character of the goods which Benjamin shipped?

Answer. He shipped boots and shoes, drugs, blankets, and I don't know what else.

Question. To what ports did he ship?

Answer. To Nassau.

Question. Had he been in the habit of shipping before the rebellion?

Answer. Yes, sir; so I understood from Mr. Stanton.

Question. Did you ever hear Mr. Benjamin say whether his business had increased after the rebellion commenced?

Answer. No, sir; he never told me anything of the kind, except that he had orders from merchants doing business there.

Question. From the manifests that were brought in to Mr. Stanton, would they show whether his business increased or not during this rebellion?

Answer. Certainly.

Question. From your knowledge of the bonds and the bills of shipment, did the business continue to increase until the time it was stopped?

Answer. I should think it did.

Question. Was this thing ever talked of between you and Stanton, or anybody else in your hearing, in reference to the increase of his business?

Answer. No, sir.

Question. Was not the character of the goods shipped by Mr. Benjamin such as were prohibited by the rules and regulations of the Secretary of the Treasury?

Answer. I knew it required a surety to give for these goods.

Question. Did they require a surety in any class of goods except those that were going to those parts?

Answer. I do not know.

Question. How old was this son of Stanton?

Answer. I should judge he was probably 20 or 21 ; I do not think he exceeded 23.

Question. Was he a young man of ordinary capacity and ability ?

Answer. Yes, sir ; he appeared to be.

Question. A man of ordinary business qualifications ?

Answer. I should judge so as a clerk.

Question. Could a transaction take place in the way of abstracting bonds or negotiating for the abstraction of bonds with the young man and the elder Stanton not know of it ?

Answer. Yes, sir ; very well.

Question. From the situation of the two desks occupied by young Stanton and the elder Stanton, could not the father have seen every transaction of young Stanton ?

Answer. I should think not ; they were in two separate rooms ; young Stanton had full control of all the bonds ; his father when he wanted a bond would have to go to his son for him to find it.

Question. They were first filled out by young Stanton ?

Answer. Yes, sir.

Question. And taken to his father's desk in the next room ?

Answer. Yes, sir, to have the oath administered to the parties.

Question. Then what was done with the bonds ?

Answer. He would take all for that day and put them in his drawer, and afterwards give them to his son to file and number.

Question. I would ask you whether, from the character of the goods shipped by Benjamin, you did not suspect that they found their way into the southern country ?

Answer. No, sir ; I had not the least idea of that ; if I had, I should not have gone security by any means upon those bonds.

Question. The amount and quantities of these shipments continued to increase during the progress of the rebellion ?

Answer. Yes, sir.

Question. Of the class of goods that he shipped ?

Answer. Yes, sir.

Question. How did you account for that ?

Answer. I supposed that these parties had given orders for larger quantities of goods.

Question. Upon what principle would you account for the increased amount of his business—from the increase of population, or greater outlets for these goods ?

Answer. I supposed that Nassau had got to be a great port ; that there were large quantities of goods sold there, and that these merchants were having larger sales.

Question. Were Benjamin and Woolff partners ?

Answer. Not to my knowledge.

Question. They were separate firms ?

Answer. I understood that Woolff was doing business at Nassau ; I saw him here once or twice, but I should not know him now if I should see him.

Question. Did Mr. Woolff talk with you in reference to the signing of these bonds ?

Answer. No, sir.

Question. Your conversation was with Benjamin ?

Answer. Yes, sir.

Question. How many bonds did you sign for Benjamin ?

Answer. I think eight.

Question. Did you sign any bonds for Mr. Woolff ?

Answer. Yes, sir.

Question. Upon whose suggestion did you sign these bonds?

Answer. Mr. Benjamin's; he told me that Mr. Woolff was the principal to whom he was shipping; if I would go security for Mr. Woolff it would be doing him (Benjamin) a favor.

Question. So that upon the recommendation of Mr. Benjamin you signed bonds for Woolff?

Answer. Yes, sir.

Question. How many did you sign for Woolff?

Answer. One or two.

Question. Did you receive a consideration for the bonds you signed for Woolff?

Answer. I received a check from Benjamin, payable to my order.

Question. Then you signed eight for Benjamin and two for Woolff?

Answer. I think eight or nine in all.

Question. Including the ones that you signed for Woolff?

Answer. Yes, sir.

Question. How much did you receive for signing each bond?

Answer. For each bond, after a day or two, and sometimes it would be a week, he would meet me and give me a check for \$100. He would meet me and say, "I have been wanting to see you," and would pull out an envelope.

Question. Did you know at the time that the rules and regulations of the custom-house prohibited a custom-house officer from signing bonds for the exportation of goods?

Answer. No, sir.

Question. You say that Mr. Stanton justified you in signing these bonds?

Answer. Yes, sir.

Question. Had you at any time any conversation with Mr. Barney on the subject?

Answer. No, sir.

Question. Do you know whether Mr. Barney approved of it?

Answer. I do not.

Question. Did any other officer in the custom-house approve of it when it was known, or before it was done, aside from Mr. Stanton?

Answer. Mr. Palmer knew that I was acting as surety there; and he says, "you had better see Mr. Stanton, because he is the head of the bureau, and he can give you all the information you want."

Question. Have you had any conversation with Mr. Stanton lately upon the subject, since his removal?

Answer. I have not seen him since last November; I think I met him once in Pine street and shook hands with him; that was all.

Question. Had you at that time any conversation with him in reference to these matters?

Answer. No, sir; at the time he was displaced I was in Washington; I was there some two weeks; and when I came back I heard that there was another gentleman put in the place of Mr. Stanton; I have never seen him but once since, and that was when I met him in Pine street.

Question. You say that you had no knowledge that these goods were intended to go into the southern confederacy when they were shipped?

Answer. No, sir; if I had, I should never have gone as security on the bonds.

Question. Did you hear any one advance the idea, or suggest in any conversation that it was suspected that Benjamin was shipping goods to the southern confederacy?

Answer. No, sir; but I was told right to the contrary.

Question. You said a little while ago that there were more clerks in this par-

ticular bureau in which you were appointed a clerk than were needed to do the business ; now how many clerks were idle in that department ?

Answer. I could not tell you.

Question. How many did you see lying around ?

Answer. The duties of that department relate to the exporting of goods, and the clerks have to sit there and wait their turn to go out. I presume you can find half of them there now waiting their turn to go out.

Question. It was the express understanding with you when you went in there that you were not to be put on active duty ?

Answer. Yes, sir, unless they were very busy.

Question. Were there any more clerks employed in a similar way, to your knowledge, or by information from the heads of bureaus ?

Answer. I presume there must have been.

Question. What causes you to presume that there were others ?

Answer. I have heard of men that have been on special duty. What is called special duty is waiting to be sent for.

Question. How many were they ?

Answer. I could not form any estimate ; I knew there were a great many on special duty.

Question. In the same department in which you were ?

Answer. No, sir ; they have a large number of inspectors and night watchmen.

Question. That special duty means that you were to rest at ease until sent for ?

Answer. Yes, sir ; there are always favorites who are allowed to be on special duty.

Question. And no deduction from salary is made by reason of non-employment ?

Answer. I believe not.

Question. Was there any talk between you and Mr. Stanton and Mr. Palmer relative to the character of the consul's certificate for the collection of these bonds ?

Answer. All the talk I had with Mr. Stanton upon the subject was, that he told me if the consul sent the proper certificate which was required by the Treasury Department that it would be all right.

Question. Had you heard that there was any controversy at that time relative to the character of the consul's certificate ?

Answer. No, sir.

By the chairman :

Question. Did you know young Stanton ?

Answer. I knew him in the office, not out.

Question. Did you ever see him after he and his father were disconnected from the office ?

Answer. I saw him once in the Fourth avenue cars ; there was no reference to custom-house matters.

Question. Do you know, of your own knowledge or by hearsay, anything about his proceedings in abstracting bonds ?

Answer. Nothing except what I heard outside—that it was supposed some parties paid him, and he cut out the names.

Question. You do not know anything personally about it ?

Answer. Nothing at all.

Question. To your knowledge or belief was money paid by parties to facilitate their operations in getting goods out and in getting bonds accepted without too much scrutiny, &c., in order to comply technically with the law ?

Answer. I never heard anything of the kind.

Question. I mean particularly in Mr. Stanton's department.

Answer. No, sir; I have no recollection or knowledge of anything of the kind being done with Mr. Stanton.

By Mr. Le Blond :

Question. What was Mr. Stanton's custom in regard to inquiring as to the pecuniary standing of the sureties upon these bonds ?

Answer. He would ask them if the goods were intended for the use of the rebels ; and if they said no, the next question was as to whether they were worth the amount named in the bond.

Question. Was it embraced in the acknowledgment and the affidavit that they subscribed their names to, or were they not required to take the oath and subscribe their names to a written statement ?

Answer. He would merely ask them these questions, and then they would sign in his presence as a notary.

By the chairman :

Question. There is a custom, they tell us, in one department of the custom-house, to ask, when a vessel wants a berth, how much she sticks out from the wharf—does she stick out twenty-five or one hundred feet—which means that parties must come down with that amount. It is said that the same thing existed with reference to the clearances of vessels, and that technical slang phrases were used ?

Answer. I know nothing of the kind.

Question. How came you to get involved in any difficulty in this matter ?

Answer. I got acquainted with Benjamin through my friends, and signed with him as surety ; I had no connexion with him in this matter further than that.

Question. Did you ever investigate any of these bonds yourself ?

Answer. I had nothing to do with them ; I knew nothing of the entries, shipments, or the clearances of any of the vessels.

By Mr. Rollins :

Question. Did you have to swear that you were worth a certain sum of money before you were allowed to go upon the bonds ?

Answer. Yes, sir.

Question. Are you sure you have sworn to that ?

Answer. I have upon several occasions.

Question. Was that the uniform practice ?

Answer. Almost generally ; I think there were bonds that I had not sworn to.

Question. Whose bonds were they ?

Answer. Benjamin's.

Question. Why was that ?

Answer. Sometimes they would go in there, and I would not be down that day, and they would say Smalley will be here to-day or to-morrow, and he would sign them. I think I signed one bond when Mr. Stanton was not there.

Question. You say that Mr. Woolff arrived here from Nassau, and that you subsequently signed some bonds for him ?

Answer. Yes, sir.

Question. Did you have a talk with Mr. Woolff about the trade of Nassau, and the parties for whom these goods were shipped ?

Answer. Not a word ; all the talk I had was with Mr. Benjamin.

Question. For how large an amount did you sign for Mr. Woolff ?

Answer. I think the amount of the bond was \$10,000.

Question. Were there blankets in the shipment ?

Answer. I am not sure; there might have been; I hardly looked at the manifest of the goods.

Question. What amount of blankets?

Answer. I could not tell, for I never looked over the shipments particularly; my connexion with him was through Benjamin.

Question. You say that Woolff came here from Nassau, and subsequently shipped a large amount of goods, and you became bondsman?

Answer. Yes, sir.

Question. And you pretend to say that you became surety for him without any conversation with him as to the kind of business?

Answer. Yes, sir.

Question. And when you knew that he was shipping boots and shoes to a port in direct connexion with the blockade runners—shipping the very goods that the rebels wanted—you never had any talk with him?

Answer. No, sir.

Question. You never suspected that they were intended for the use of the rebels?

Answer. No, sir.

Question. What became of these bonds after they were signed?

Answer. They were cancelled—some of them.

Question. How do you know that?

Answer. I was told so by Mr. Stanton.

Question. Did you ever go to Mr. Stanton about the cancellation of the bonds you had signed?

Answer. Yes, sir.

Question. With what evidence did you go upon which you required the cancellation of them?

Answer. I went with none. I was told by Mr. Benjamin that they were cancelled, and I would go to Mr. Stanton and ask him if they were cancelled, and he said yes.

Question. Who did procure the cancellation?

Answer. Mr. Benjamin.

Question. Upon what evidence?

Answer. He would have the proper certificates of the cancel, as Mr. Stanton informed me.

Question. Were you ever present with Benjamin when a bond was cancelled?

Answer. Never.

By Mr. Le Blond:

Question. What is the number of your ward?

Answer. The 17th.

Question. How many persons did you get into the custom-house through your recommendation from that ward?

Answer. Very few through my own. They were generally recommended by the general organization, and they would allow me to present the list.

Question. What organization do you refer to?

Answer. The republican organization. They recommended what they considered were suitable men, and they would use their influence to get them places. They would send a list down, and from that list the appointments would be made.

Question. Were there any rejected?

Answer. A great many did not get places; probably three-fourths did not get places who were applicants.

Question. You say that you got your place through the influence of Mr. Palmer?

Answer. Yes, sir.

Question. I want to know if there was any consideration paid by you or any one else to secure that position for you?

Answer. No, sir.

Question. Was there any money paid to Mr. Palmer, to Mr. Stanton, or any other officer of the custom-house, to your knowledge, to secure the appointment of any individual to a place there?

Answer. No, sir. I used to loan a good deal of money to custom-house officers, and they always used to pay me at the end of the month when they got their salaries.

Question. Did they pay you interest?

Answer. Some would.

Question. Some of the heads of departments that wanted money, would you let them have money without interest?

Answer. There were some of them who would borrow money for a few days; they would want \$50 or \$100 in the middle of the month, and I would let them have it without interest.

Question. Did Mr. Palmer borrow money of you?

Answer. Yes, sir; he borrowed a good deal at times.

Question. When did he commence borrowing—before you got your appointment?

Answer. I think not; he borrowed \$122, and he gave me his note for it, and it ran along for some time after it was due; subsequently he borrowed \$300 or \$500.

By the chairman:

Question. How much does he owe you now?

Answer. \$1,200 or \$1,500 that he has obtained at different times.

Question. Was it his practice in the custom-house to borrow money of the employés?

Answer. I think I was the only one that he borrowed money of; generally they did not have any money.

Question. What was the inducement on his part?

Answer. I liked him very well; we elevated him in politics pretty well; I did not mind lending him a little money.

Question. Were there any other personal considerations at all in the matter?

Answer. No, sir; he used often to say, "I want \$200," and I would let him have a check for it.

Question. Did he ever say what he wanted this money for?

Answer. I suppose he had extravagant expenses to meet; he used to say he had some bills to pay or some note to meet.

Question. Did he ever hold out to you any inducement or any special advantage why he wanted this money?

Answer. At the time of the last \$500 I think he told me he wanted to buy some stock that day, and he must have it; so I gave him a check, and in about two weeks he gave me a return check for \$400. I think it was a return draft from his father, in Rhode Island, which I deposited, and he owed me the other \$100. At that time he probably owed me \$500 or \$600.

Question. Do you know whether it was Mr. Palmer's habit to require pay for making appointments or recommendations for appointment?

Answer. I do not.

Question. Was it his habit to require his appointees to divide their salaries with him?

Answer. I never heard of any such case.

Question. He never made any such suggestion to you?

Answer. Never in his life.

Question. Nor said to you, "Here, you can afford to loan me this; I will obtain your appointment for you?"

Answer. No, sir. He had a cousin employed there who, he said, owed him a great deal of money; that he would not pay him, but would pay a stranger; so this man gave me \$30 on the first of the month, and Palmer told me to keep this and give him credit on what he owed me.

By Mr. Rollins :

Question. When you found that Palmer did not pay the money he borrowed—that his indebtedness to you was increasing steadily, why did you continue to loan him if there was no inducement held out to you for doing so?

Answer. I used to hate refusing him.

Question. You are pretty generous?

Answer. He is not the first man I have been generous to. He used to say, "Smalley, let me have \$200; I will make it right in a few days," and I would give him a check for it.

Question. Do you mean to say that you have received no return for that money, directly or indirectly, through the instrumentality or influence of Mr. Palmer?

Answer. Yes, sir, I do.

Question. None whatever?

Answer. None whatever for the money.

Question. Do you mean to swear that you did not take into account in the loaning of this money to Palmer the fact that you were securing the appointment of some twenty of your friends?

Answer. These men were recommended by the general organization.

Question. Did you not think that it would help along their appointment when you loaned Palmer this money?

Answer. This money has been all loaned since the 1st of January, 1863; these men were appointed before.

By Mr. Le Blond :

Question. What were Palmer's circumstances?

Answer. He was a clerk in the custom-house at \$1,500.

Question. Was his salary his only source of living, and his only means of paying you back again?

Answer. He had commissions on the collections for the party. They collected so much every year from the custom-house, and I believe he used to receive a per-centage on the full amount that was collected. I thought when he was collecting last November or December that he would pay me back what he owed me; he owed me then \$600 or \$700, but he did not do it.

By Mr. Rollins :

Question. You say that some 20 men in the 17th ward were appointed to office on your recommendation and the recommendation of other men in that ward; did any one of these 20 men ever pay you, directly or indirectly, any money or other valuable consideration for your influence in securing their appointment?

Answer. Most of them owed me money; were poor devils who had no money to pay rents; they were the best working politicians in my ward.

By Mr. Le Blond :

Question. What business did Palmer follow before he went into the custom-house?

Answer. I never knew him before he went to the custom-house.

Question. Do you know whether he is a professional man?

Answer. I have understood that he was; that he passed examination as a lawyer.

By Mr. Rollins :

Question. Where did Palmer live during his term of office in the custom-house ?

Answer. He lived in the 17th ward.

Question. Did he board at a hotel ?

Answer. When I first knew him he boarded at private houses, and was afterwards at a private hotel.

Question. Was his mode of living expensive ?

Answer. More expensive than mine.

Question. Did he keep horses ?

Answer. No, sir; he used to drive mine; I generally kept three. Sometimes he would take his wife out with him, and get my team, and sometimes he would take a single horse; he left my ward and lived at the Metropolitan Hotel.

Question. How long since ?

Answer. Probably in August or September last.

Question. Upon what terms did he live there ?

Answer. He told me he paid \$35 a week.

Question. What was his salary, do you say ?

Answer. \$1,500 a year; and he used to have his commissions, (2½ per cent.) Palmer also had a sort of arrangement with Smith, who was elected supervisor. Smith holds a very lucrative place as one of the collectors of assessments, (there are five or six of them,) which is worth from \$5,000 to \$10,000 a year. Mr. Palmer's influence was such that he could give almost anybody the nomination of supervisor at that time, and Smith wanted it, and I said to Palmer one day, "Palmer, if you can get that place of Mr. Smith for me we will go in for him as supervisor, and I will divide with you". The suggestion was made to Smith, and he approved of it. When he saw Cornell, the street commissioner, and told him what could be accomplished, Cornell told him he could not stand me, and he had better make some other arrangement. Although Cornell and I agree together, he does not like to put me into politics. So Smith came back and told Palmer, and it was understood that the arrangement could not be completed so far as I was concerned. He made some arrangement, I don't know what, exactly, except that I know that Palmer told me he had made an arrangement by which Smith was to pay a per-centage on the other place which he was to hold; that he was to be collector of assessments under the democratic street commissioner, and also be republican supervisor. Palmer told me that Smith was to give a certain amount of money out of the collector's assessment fee as per-centage. I understood afterwards, from outside parties, that it was half; Palmer was to get half of Smith's assessment fees. One day I knew Palmer had a thousand dollar note of Smith's, and he wanted me to discount it. I told him I had not the money. I asked him how he came to get that from Smith, and he said that was a part of their arrangement about the supervisorship. I judged that was a certain proportion of his per-centage. I think from the time he got the nomination this arrangement was to go on.

By Mr. Le Blond :

Question. You speak of Palmer as collecting a certain per-centage from custom-house officers, was this per-centage a part of the consideration for the procurement of their offices, or was it an assessment for party purposes ?

Answer. It was for party purposes—made by the State committee.

*Testimony of Albert M. Palmer.*FORT LAFAYETTE, *March 19, 1864.*

Albert M. Palmer sworn and examined.

By the chairman :

Question. Permit me to ask you your age.

Answer. I am 26 the 27th of next July.

Question. Of what State are you a native ?

Answer. Connecticut.

Question. How long have you been in the State of New York ?

Answer. I came here last in 1859; my father formerly resided at Syracuse; he lived there four years, then returned to Connecticut, and to Rhode Island; I came to New York city in 1859.

Question. What was your business on first coming to this city ?

Answer. I was a student at law; I came here to enter the Law University.

Question. Did you graduate there ?

Answer. Yes, sir. After I graduated there I went into the office of Hawley & Glover, No. 42 Pine street, where I remained until I went into the custom-house. I think I was in their office about a year and a half.

Question. When did you go into the custom-house ?

Answer. In May, 1861.

Question. Through whom did you receive your appointment there ?

Answer. I suppose it was through Mr. Opdyke; I was a class-mate of his son in college, and an intimacy sprang up between us. Mr. Opdyke introduced me to Mr. Barney in a note which secured my appointment; my appointment, in the first instance, was a temporary one. Mr. Barney found a large number of applications for appointments accumulating upon his hands, and the idea suggested itself to him to select a certain number of persons in whom he could confide to file these applications, and to answer, as far as might be, the questions of the great crowd that were besieging him at that time. He selected five persons for temporary appointment, and got authority from the Secretary of the Treasury to appoint these five persons, of whom I was one. Mr. Barney selected me from the five for the duties which I have since performed.

Question. What were those duties ?

Answer. I had no regular designation in the custom-house. I was the collector's private clerk. There is no such office known to the customs register as private secretary. I did once call myself private secretary, and Mr. Barney reprimanded me for it, and I never did so afterwards. I attended to the matter of filing applications for appointments, writing letters, and looking after the cases.

Question. How long did you occupy that position ?

Answer. I really occupied it until my arrest. I was appointed in May, 1861, and was arrested about two and a half months ago. Mr. Stanton and myself at one time occupied rooms together; I was nominally Mr. Stanton's chief clerk, and I was so put upon the register, but I had really nothing to do whatever with his business.

Question. How long after entering the custom-house was it before you occupied the room with Mr. Stanton ?

Answer. We had a room for this business I speak of in the old custom-house by ourselves, and when Mr. Stanton took his bureau he wanted a better room than the one he had, and Mr. Barney, having no other room, assigned him ours and gave me a desk in it. I think this was about five months after my appointment when I took a desk in Mr. Stanton's room.

Question. Was Mr. Stanton at that time at the head of what I should term the bond bureau?

Answer. Mr. Stanton was appointed, when Mr. Barney took office, to what was called the seizure bureau, which had cognizance of all matters pertaining to seizures of goods for fraudulent entries, or contraband goods, or anything of that sort; and then when the question of trade to restricted ports contiguous to the southern States came up, it seemed most natural for Mr. Barney to turn that business over to Mr. Stanton's bureau, as it was a sort of a legal bureau (the seizure business being more or less of a legal character.) Mr. Barney turned over the business of dealing with these shipments to these ports to Mr. Stanton, so far as the matter of taking the bonds was concerned, which were made requisite by the Treasury Department. Mr. Stanton had nothing to do with the clearances of vessels; his simple business was taking the bonds.

Question. Was he in the discharge of this business when you had a desk in his room?

Answer. Yes, sir.

Question. After you were designated as his clerk, did you have anything to do with the making the bonds and filling them up?

Answer. No, sir; not enough to speak of. I suppose that sometimes in Mr. Stanton's absence I may have done something relative to the bond business, but only in his absence—not enough really to speak about.

Question. At this time was young Stanton there?

Answer. Yes, sir; as his father's clerk.

Question. He was more particularly in charge of the bonds than yourself?

Answer. Yes, sir; he was a mere boy; he had no discretion in the matter. I do not think that I was ever really Mr. Stanton's chief clerk. I was nominally, at a later date, Mr. Hanscom's chief clerk. Mr. Wardell was Mr. Stanton's chief clerk. I was, however, in Mr. Stanton's division, and registered in his division, and in the room with him.

Question. How long were you in the room with him?

Answer. I suppose for a year and a half, both at the old custom-house and at the new; perhaps two years.

Question. You often saw parties come there and execute bonds both as principals and sureties?

Answer. Yes, sir; every day.

Question. Who filled out the bonds?

Answer. As a usual thing they were filled out in the outer office by young Stanton.

Question. He did not have a desk in that room?

Answer. No, sir; in the outer room—a sort of ante-room; he never had a desk in the room with his father, neither in the old custom-house nor the new.

Question. You say young Stanton was a mere boy, and had no discretion in the matter: who gave any directions about the filling in the bonds?

Answer. His father, I suppose.

Question. The parties came in contact with Mr. Stanton; ascertained from him what the character of the bonds to be given was; Mr. Stanton called Cady Stanton in to give him directions, and when they came to be formally executed the parties came before the father to justify?

Answer. Yes, sir.

Question. And he as notary took a fee of 50 cents?

Answer. Yes, sir.

Question. Did you ever see any other fee than that paid?

Answer. No, sir.

Question. For drawing up any papers connected with the bonds?

Answer. I have heard Mr. Stanton say that he took a paper home with him for which he got \$5, or something of the sort. I never saw any money paid.

Question. Did he say what was the paper he took home?

Answer. It was a bond of some kind, extraordinary in its character, which required more labor than the usual bond, and I understood that the shipper, rather than pay a lawyer for it, paid it to Mr. Stanton.

Question. I suppose that the requisitions of the bonds must have been often discussed before you between Mr. Stanton and the parties applying?

Answer. Yes, sir.

Question. Do you know what Mr. Stanton required of the parties giving the bonds?

Answer. I think he required a justification in real estate.

Question. Suppose they could not justify in that respect, what was done then?

Answer. Then, I take it, they were rejected. The most I know about it is, that on one or two occasions, when Mr. Stanton was in Washington, he wanted I should take the justifications. I know that I refused half a dozen who applied. I made one or two parties very mad because I would not take two members of a firm—take their individual securities—but I supposed I was carrying out the same programme which he carried out. If I remember right, I think that the bond itself has an affidavit or some sort of form attached to it, which required the parties themselves to swear that they owned so much real estate.

Question. Did you ever see or know of a variation in the acceptance of parties who did or could not justify in any way?

Answer. I never knew of any such case.

Question. Do you know of any consideration being offered, talked of, or tendered, to induce the acceptance of a bond without this compliance?

Answer. No, sir; I never heard of such a thing.

Question. Do you know of any such thing being done at any time?

Answer. No, sir; I ought to say here, that although I was in the office of Mr. Stanton, and sat right opposite to him, yet my business was of such a character, and his business was of such a character, that I might carry on mine for months, and he his for months, and he might not know much about mine, and I might not know much about his, for the reason that there was always a great crowd in the office. There was not probably a room in the building that begun to be so crowded as ours was. Mr. Barney sent to me usually for the filing of their papers, and to talk with them, the persons who were applying for office. It was my business to answer them, and to do what I could to satisfy their claims, and especially to take charge of their papers and see that every thing was right. I suppose that I had twenty or thirty men besieging me every day, who were referred to me by Mr. Barney, who stated their cases and the matter of their applications to me. When I was not so occupied, if Mr. Barney wanted to know anything in reference to a particular case, or wanted anything written of a confidential character, he would send for me. I might be in this way called out of my room a dozen times in an hour. All this conspired to put me in a position where I could not necessarily observe Mr. Stanton's business.

Question. Were there not frequently delays in the way of getting securities?

Answer. I think there were; I cannot swear positively to that.

Question. Did you not yourself go upon any of these bonds?

Answer. No, sir; except in one instance.

Question. Whose was that?

Answer. The instance was this: Old Mr. Wykoff, whom I have known for several years—a man of wealth, living in the fifth ward, a politician and a republican, had a small shipment of some five hundred dollars, and I signed the bonds for him. I was under the impression that the shipment was to Norfolk, and under a government permit, and so testified before the military commission, but they informed me the other day that it was a shipment for Matamoras; I signed the bonds under the impression that it was for Norfolk. This was more than nine months or a year ago. Mr. Wykoff came into my room

one day, (this was after I left Stanton's room,) and said, "Palmer, Mr. Stanton will not allow me to go upon this bond myself; it is only a matter of a few hundred dollars at any rate; he wants, as a mere matter of form, that there should be a second name on it;" he said that the bond was four or five hundred dollars, and the shipment was about two hundred and fifty dollars. "Well," says I, "I guess I am worth five hundred dollars, and I will go upon it, if there is nothing improper in it, and Mr. Stanton says it is all right." I went in and signed the bond as a mere matter of form—Mr. Wykoff being worth two or three hundred thousand dollars—as I knew that the government could receive no detriment from it. I see now under the regulations that it was improper, but I did not reflect upon it at the time that there was anything improper in it.

Question. Was that the only bond you signed?

Answer. Yes, sir.

Question. Did you have anything to do in negotiating with parties to go as sureties upon bonds?

Answer. Mr. Benjamin came into my office one day, (I had known him for some time,) and said he had a shipment of goods already made, had expected his surety, but he had not come to hand, and he wanted to know if I could obtain a surety for him among some of my friends. I told him I did not know, but I would see; I stepped out, asked one or two, could not get any one; came back again, and he said if I could get some one before three o'clock in the afternoon it would be just as well; and he said as he was going out of the door, "I will give one hundred dollars to any one that will go on the bond." I went out and found Captain Barnes, another old friend of mine, a wealthy man, who lived in the 5th ward, and I asked if he would go upon that bond, and he said "certainly, if it is all right." I said "I have no doubt it is all right, as I have known Benjamin for some time." Mr. Barnes came up and signed the bond. The next day Benjamin sent me a check for one hundred dollars, and I offered it to Mr. Barnes, but he refused it, and I returned it to Benjamin.

Question. Was that the only bond you negotiated a surety or signer for?

Answer. Yes, sir.

Question. How long had you known Benjamin?

Answer. I suppose a year.

Question. What was his business?

Answer. A shipper or commission merchant, I think.

Question. Did you know at the time where these goods were to be shipped?

Answer. No, sir.

Question. You told Mr. Barnes that it was all right?

Answer. I knew that Mr. Benjamin was shipping goods to a port where bonds were required, but I did not know to what port those goods were going. I knew, of course, that it was to a restricted port, from the fact that a bond was required. I am not sure whether the check was for one hundred dollars, or one hundred and fifty dollars, but I think it was one hundred dollars.

Question. Did you and Mr. Smalley have any transactions about bonds?

Answer. No, sir; I had none with him.

Question. Did he have any with you?

Answer. Never; I knew he was going on Mr. Benjamin's bonds; he told me he was, and he asked my advice about it, but I had no transactions with him relative to it.

Question. Did you receive anything other than what you have spoken of for procuring this Captain Barnes's signature?

Answer. No, sir; received nothing for it.

Question. What was the nature of the money transactions betwixt yourself and Benjamin?

Answer. I borrowed money of Benjamin, but I have returned every cent that I ever borrowed of him. At one time I kept a very small bank account,

and once in a while my bank account would not be exactly square, and I would want to make it up, or something of the sort, and I would send down to Benjamin a check dated two or three days ahead, and he would give his check dated that day, and that would be the money I would borrow of him; by and by, when my check matured, he would use it.

Question. What was the nature or cause betwixt you and him to induce him to lend you his check?

Answer. People around the custom-house, perhaps more than anywhere else, are given to borrowing and lending money.

Question. Is there not usually some consideration for these favors?

Answer. There may be; I don't know that there is. There was not in this instance.

Question. Was there not in any instance connected with Benjamin giving you his checks?

Answer. None so far as I was concerned.

Question. How was it between you and Mr. Smalley in this respect?

Answer. I borrowed money of Smalley; Mr. Smalley and myself have been very intimate, personal friends. I have lived in his ward, and he has been a sort of controlling man there.

Question. Was there never any consideration in these matters, other than of friendship, betwixt you and Mr. Smalley?

Answer. No, sir.

Question. To turn to another subject for a moment, do you know of Smalley, Benjamin, Eneas, or Rahming using money to procure sureties or principals to other bonds?

Answer. No, sir; I know nothing, of my own knowledge. I don't know anything, in regard to any particular individuals, in this respect, except by hearsay. I know it has been a matter of talk about the custom-house that it was a common thing for parties to pay for sureties; but I know nothing as to particular instances.

By Mr. Le Blond:

Question. Do you know anything about it from the parties in interest?

Answer. No, sir.

By the chairman:

Question. Did you hear any parties, who were shippers, say that they had paid, or must pay, money to get their goods through; or, in plain words, that they had facilities for getting goods through the custom-house, meaning by that they knew how it was done, or how they could do it?

Answer. No, sir.

Question. Did any one ever come to you with such a proposition?

Answer. No, sir; people have been to me a thousand times, I suppose, relative to all sorts of schemes for making money, from selling appointments up to shipping liquors to New Orleans, or shipping contraband goods to Matamoras and elsewhere. All these things were flying about. Everybody was talking about them and proposing them, but only in a general way; nobody talked to me particularly about any such things. Mr. Denison told me that a broker made a proposition to him (this was quite early) to ship 5,000 muskets to Mexico—to clear them from this port. Of course, a clearance of muskets to Mexico has always been contraband. Mr. Denison wanted I should see the broker, and put up a sort of job (to use his own expression) upon the broker, by leading him to suppose that he could get a clearance and make the shipment, and then come down upon him and seize the whole shipment. The broker came to see me once, but I did not pay any attention to it, and it dropped through. That is the only instance that I remember of anything being said to me particularly in relation to such a matter.

By Mr. Le Blond :

Question. Who was this broker ?

Answer. I think his name was Culver.

Question. Does he live in New York ?

Answer. Yes, sir.

By the chairman :

Question. There were charges preferred against you, Mr. Palmer, some time ago, and in Mr. Andrews's hands, which were suppressed. Can you tell me what were those charges, and why they were suppressed ?

Answer. No, sir ; this is the first time I ever heard of them. I will say here that this is the fourth investigating committee that has sat upon the case of my insignificant self—once Mr. Jordan, once Mr. Brown, special agent of the Treasury Department, then the military commission, and now your honorable committee from the House of Representatives.

Question. Our business is not to find proof against you ; what we want is to protect the government by exposing villanies and catching the villains.

Answer. Yes, sir ; as I was going to say, that was the only time when a direct proposition of this kind was made to me, and I supposed it was made in good faith. I have no reason to suppose that Mr. Denison did not really wish to catch the parties. I think he wanted to set a sort of smart-trap for those who were disposed to make contraband shipments. I gave to the military commission—I don't know whether they have acted upon it or not—the loophole which it seemed to me existed, if at all, in the shipment of contraband goods—goods restricted by the department. I don't think that they have directed their attention to the right point. Mr. Stanton had no power to clear any goods. The clearance of all sorts of contraband goods, if there was any clearance of such goods, was effected in another bureau than his, viz., the bureau called the clearance bureau, presided over by Mr. Embree. Perhaps I had better give you the whole history of the way goods are cleared, so far as I know. The knowledge I have of it is derived from general observation rather than from any particular study. When it was found necessary to restrict the shipment of certain articles which we call contraband, to certain ports, the first precaution which the government took was in this matter of bonds. A list of what was contraband was furnished to the deputy collector in charge of the clearance bureau. Whenever the shipper has a shipment to make, he has, under the regulations of the revenue department, to put upon the paper which is called a manifest each article, and has to give a full description of the shipment he proposes to make. That manifest is the first paper upon which he applies for a shipment. He takes it to the clerk in charge of the clearance bureau, who passes it over to the manifest clerk ; the manifest clerk examines it with a view to see whether there is anything wrong in it which will come within what is denominated contraband by the regulations of the department. If he finds nothing on the paper which appears to be contraband, he takes it to the clearance deputy, (I will not be positive about all the details, but as to the general matters I think I am correct,) who writes upon it "Bond required.—G. W. E." Then the shipper takes the bond to the bond bureau, and Mr. Stanton, or whoever is in charge, takes it for granted, seeing that check upon it, that the manifest really and truly does contain a statement of all the articles proposed to be shipped, and that none of them are contraband. That check is to him evidence that there are to be no contraband articles by this vessel, so far as it can be ascertained by the clearance deputy or his clerks. The value of the articles enumerated in the manifest is footed up, and, according to the regulations of the department, he takes a bond in double the amount of the value of the articles so proposed to be shipped, and writes upon it "Bond, given" with his check. The shipper then takes the

manifest back to the clearance bureau; the clearance deputy grants a clearance, and the papers are all taken to the naval office, where they are examined again, and are signed by the deputy naval officer, and that effects a clearance.

Then, in addition to all this, it was found necessary to have another precaution; so the Secretary of the Treasury authorized the appointment of a large number of officers, to be under the charge of the surveyor—special aids—whose duty it was to supervise the actual loading of the vessels. They were furnished with probes for the purpose of probing barrels of lard and everything of that kind, and they were directed to open boxes, so that nothing contraband should be allowed to clear from the port. It was their duty to report any instance or attempt at contraband shipment; and whenever they did report, they made the vessel and the cargo liable to seizure, so that contraband shipments could have only been effected in one or two ways, it seems to me: first, by a false manifest; and, second, by collusion with the officer who had charge of the loading of these vessels. I stated this to the military commission, but I do not know whether they have felt it incumbent upon them to inquire who were these officers that supervise these shipments.

By Mr. Le Blond:

Question. We are to understand by that, if goods contraband of war were shipped at all, it was through the neglect or omission of these officers under the surveyor?

Answer. It seems so to me.

Question. What is their title?

Answer. They are called special aids. These men are appointed to act as a check if anything was got through fraudulently at the custom-house, or through negligence or carelessness. They had the physical control of this thing. What was done at the custom-house was mere paper business, which is easily falsified.

Question. If vigilance was exercised by these aids, a detection would be brought about?

Answer. Yes, sir; it seems to me that would follow as a matter of course, because they knew just as well as the surveyor what was contraband or not; they had their lists of contraband articles furnished them. I think the surveyor issued a general order, in which he enumerated the contraband articles.

By Mr. Rollins:

Question. How long since is it that these special aids were appointed?

Answer. The first batch were appointed about two years since; I will not be positive whether they were appointed at the same time that these first regulations went into effect—the restrictions to certain ports.

Question. Were they appointed prior to these particular shipments to which our attention has been called?

Answer. Yes, sir, prior to the shipments about which arrests have been made; they were appointed certainly two years ago.

By the chairman:

Question. How many of them are there?

Answer. There are about 75 or 100 special aids; I will not be positive how many are assigned to that special duty.

By Mr. Le Blond:

Question. Who had charge of the books where it is alleged that these contraband goods were shipped from—who of these aids?

Answer. That I do not know, but I can tell you where you can find out; Mr. Andrews gave that business, I believe, to a deputy surveyor by the name of Shirley.

By the chairman :

Question. To go back to the subject of the bonds, I will ask you what were your relations with young Stanton—intimate?

Answer. No, sir; never saw him at any time except in the office; he was a boy in appearance and feeling; I am a boy in appearance, but not in feeling; I had nothing to do with him one way or the other.

Question. Was it during the time that he was abstracting the bonds that you were in the room with his father?

Answer. No, sir.

Question. Was it afterwards?

Answer. I cannot tell when it was he abstracted them; I do not know when he abstracted them; I can only say that when the matter came out I was not in this room, and I presume I was not when he did abstract them.

Question. Did you know anything of it until there was a public exposure?

Answer. No, sir; the first I heard of it was in Washington, where I had gone on business for the State central committee.

Question. Do you know of any improper cancellation of bonds by cutting out the names, or by writing the word "cancelled" across them, or by releasing or nullifying those bonds in an illegal manner? Do you know whether Mr. Stanton was cognizant of the matter at all?

Answer. I do not.

Question. From your knowledge of the rooms, could young Stanton have had access to the place where the bonds were kept or deposited without his father's knowledge?

Answer. Yes, sir.

Question. He filed all the bonds?

Answer. Young Stanton had the custody of the bonds after they were executed, and could have done anything with them he pleased. The whole matter of keeping bonds and files of important papers in the custom-house has, from time immemorial, been very loosely conducted. The most important papers are put up in great glass cases, which are accessible to anybody who choose to steal them; and young Cady Stanton, if he chose, could have taken any of these bonds.

Question. It is alleged that appointments were made to the custom-house by money inducements in two ways: first, by direct payment from the applicant to yourself as a prerequisite; and, second, by a previous agreement or understanding that a certain amount of the salary should go to you; was that thing ever done?

Answer. It is not so in any particular.

Question. A person has sworn before us that he paid you \$250 to procure an appointment?

Answer. He has sworn to a lie.

Question. Another person has offered to swear, whose testimony we have not yet taken, that you required a division of the salary before he could have an appointment.

Answer. That is also a lie.

Question. And that Mr. Barney was apprised of the fact. I do not care anything about your agency in the matter; but what the committee would like to know is, whether that practice existed with the knowledge of Mr. Barney.

Answer. In the first place, the practice did not exist.

Question. Do you mean to say that a thing of that kind did not take place at all?

Answer. I mean to say just that—that a thing of that kind did not take place at all.

Question. Do you mean to say that no person was removed because he did not pay?

Answer. I do.

Question. And that Mr. Barney did not allow it?

Answer. I do.

Question. It is most unqualifiedly sworn to. That statement was made at Washington, before us.

Answer. It is false in every particular.

Question. And that charges to that effect were preferred against you; and to bring Mr. Barney's knowledge of this practice directly home to him, that they were in the surveyor's hands, (the committee have not as yet inquired in regard to them.) but were suppressed, and were not formally presented against you. That was several months ago.

Answer. The same charges were made by Mr. Brener in a written communication to the Secretary of the Treasury—I will not say these charges, but charges tantamount to them—and the Secretary of the Treasury thought it worth while to send a special agent here to investigate the matter. The special agent did investigate the matter, and the result was that Mr. Brener wrote a letter to the Secretary of the Treasury, in which he took back everything he charged; and as to this thing, I have to say, in the first place, that the statement as to any money being paid to me as a consideration for the appointment is entirely false. In the next place, I have to say this, as you have referred to it: that if such a thing had been true, and it had come to the ears of Mr. Barney, I should have been removed at once.

Question. I am perfectly well aware that around the custom-house and the other public offices in New York there are certain peculiar phrases resorted to to conceal or disguise a matter whenever there is an apprehension that it will be inquired into; and when persons are questioned upon the stand, they will swear that things were not so and so, because the particular language in which the transaction was couched or agreed to was not used.

Answer. I mean to say this: that no man to my knowledge ever received an appointment to the New York custom-house for which he gave a consideration to me, either by a present or in any other way. That is what I mean to say. So far as Mr. Barney is concerned (I don't know whether he is on trial or not) I want to say this: that Mr. Barney would look upon any such thing as that with perfect horror, and that it would have caused my disgrace and removal the instant it had come to his ears.

Question. I may be mistaken, it is true, but I have been told that there are letters in his hands bringing the case clearly to his knowledge.

Answer. I do not know what this thing may eventuate in, but I think that the man who is charged with a thing of that sort should, at least, have the privilege accorded to him of confronting those who made such a charge against him. You must remember, gentlemen, that positions in the New York custom-house are objects for which thousands and thousands of people, of all sorts of character, are striving, some of whom are the most unscrupulous set of villains that ever breathed the breath of life, and they will do anything to get places, and to ruin those who would be instrumental in displacing them. But this charge is not a new thing; it has existed ever since I have had anything to do with the custom-house. I have had a sort of fictitious reputation in connexion with the New York custom-house, and it has been supposed that I had a good deal of influence, and could give away places as I pleased, but it is all false.

Question. Mr. Barney has sworn that he devolved the responsibility upon you of receiving applications.

Answer. He intrusted the filing of the applications to me, but so far as deciding upon their cases he never left that matter with me for a moment. There were thousands of men applying for offices who wanted to see the collector, who had no prospect of an appointment, whose claims were not sufficiently strong, and whom it was impossible for him to appoint. It was my duty to

see these people and inform them as to the true state and nature of their cases ; in other words, to relieve the collector of their presence. The manner of making the appointments was this. You know all appointments made by the collector have to pass under the supervision of the Secretary of the Treasury before they amount to anything. The lists were prepared by me, and Mr. Barney looked them over, inquired into the case of each man, and signed them. In a majority of instances—indeed, in the last three years in all instances—those lists were prepared by Mr. Barney's direction. He has made out a list of the names of the men whom he wanted to appoint, and I have embodied them in a letter. Very early in the business, when Mr. Opdyke was running his machine, Mr. Opdyke had more or less to say about the appointments, and when men came properly indorsed by him, Mr. Barney was willing to a certain extent to give them places.

Question. How was it with reference to Mr. Weed ?

Answer. Mr. Weed never had such influence or power.

Question. How comes it, then, that Mr. Weed has said, virtually, that to obtain appointments in the New York custom-house, they must pass through you ?

Answer. I suppose that Mr. Weed fell into the error of everybody else. It was true to a certain extent ; I was the man to remind Mr. Barney of these things ; I kept them in mind for him.

By Mr. Le Blond :

Question. When these applications were made to you, and you made the examination, did you make a report to Mr. Barney approving or disapproving of the appointments ?

Answer. As a general thing, I never made any report at all.

By Mr. Rollins :

Question. When recommendations were presented to you, was it your duty to make an abstract of these papers, and present it for the consideration of Mr. Barney ?

Answer. No, sir, except in certain cases.

Question. You never had any general instructions to make an abstract of all papers presented to you ?

Answer. No, sir ; Mr. Barney was never systematic about anything, as he ought to have been. Mr. Barney is, in some respects, a careless man, and he was never as systematic as I would like to have had him, or as he ought to have been. No such thing was ever done ; and that, perhaps, is one reason why so much fault was found with the distribution of patronage. Mr. Barney was fitful. Sometimes he would feel as if he must make a large number of appointments for a certain class of people, and he would go to work and make appointments. Then, again, he would feel indisposed to make appointments, and sometimes appointments would not be made for months.

Question. You say that Mr. Opdyke's recommendations were usually listened to ?

Answer. For a time.

Question. For what time ?

Answer. At the time that Mr. Opdyke was a candidate for mayor. Mr. Barney and Mr. Opdyke had a conference, and Mr. Barney was willing that everything should be done which could be, in the way of distribution of patronage, to assist Mr. Opdyke in obtaining his election.

Question. How was it after his election ?

Answer. After his election Mr. Opdyke and Mr. Barney had one of those periodical splits and grievances which occur among politicians, and Mr. Opdyke did not ask anything from Mr. Barney.

Question. I will ask you one other question; what were your relations with Isaacs?

Answer. No official relation at all.

Question. Unofficial?

Answer. No relation except this: I might as well say this, that I have been in a position where I have been obliged to live beyond my means, (I had been hoping for a better office—a more remunerative position,) and Mr. Isaacs sometimes borrowed money for me from parties. I owe quite a considerable amount of money now which is the result of that borrowing, and that is probably the wickedness and foolishness of which I have been guilty, and which has brought this trouble upon me. Isaacs had no other connexion with me than that.

Question. What was your salary per annum?

Answer. \$1,500.

Question. Your expenses were beyond that?

Answer. If I had the opportunity of access to my papers and to persons, I could show that my expenses beyond that were derived entirely from other sources than those pertaining to the New York custom-house. I understand the position in which I am placed. I am a military prisoner, taken up without a minute's warning from what business I had, without an opportunity to see my wife; seized in a most summary way, and put into this fort; my faults and failings all blazoned forth to the world in a cruel and unjust manner; and I am aware that, under those circumstances, I am the object of suspicion. Anything that is connected with me bears to you at this time a dark look, and I know that that feeling cannot but have its influence upon the minds of all who come to see me, and that my answers to the questions asked of me all rest under the shadow of that suspicion. I say here, unqualifiedly, that I can show—and if I am ever at liberty, I can and will show it—where every dollar of money I have expended came from, and that it has been legitimately and properly expended, and that it has not come as the committee seem to think that it has.

By the chairman:

Question. We have had two or three witnesses before us who testified just so about themselves; who acknowledged that they have erred; who have no doubt that there was wrong and iniquity committed; but they themselves were not cognizant of it, and knew nothing about it. Take the case of the Hiawatha and her cargo. Some 20,000 or 30,000 dollars' worth of her cargo, as I understand, was positively taken off the vessel and put ashore, and yet there is not a man who knows where that cargo went to. It does not seem to me that this bond business in the blockade running could have been going on in the custom-house, and you being connected with one of the blockade runners, and yet you know nothing about that improper transaction, and that it was illicit.

Answer. You say that there is not a shadow of doubt that I was connected with one of the blockade runners. I suppose you can pick up fifty men within gunshot of the office who have had that connexion with me; but it does not necessarily follow that they had that connexion with me in the blockade business. I have never hesitated to say to any one who asked me just what I have stated to the committee. I should not have any hesitation in saying it to anybody. There has been a great fever raised about this business, and I know that everybody believes that there are great frauds practiced in this respect; but I say solemnly that, so far as I am concerned, I know nothing about anything except what I have stated to you. I say very frankly, that if goods had been shipped contrary to the regulations relating to contraband shipments, they must have been made under the precautions that were instituted by the department, by the connivance of the custom-house officers. I do not hesitate to say that; I believe it; and I have endeavored, so far as I know anything about this matter, to show you how and where these frauds take place.

Question. In the oath I administered to you, you are aware that I required you to tell whatever you knew with reference to any frauds or improprieties in the New York custom-house. Have you any knowledge of frauds committed, or money improperly paid in the shape of bribes or presents, in any department of the custom-house? If you have any such information, and can give the facts and names, it certainly cannot prejudice you, but it may help us in correcting abuses that do exist.

Answer. So far as I am concerned, nothing would prejudice me. I am just as bad off as I can possibly be—a prisoner in Fort Lafayette, disgraced and despised; and if I have no dread of anything in the future, I have no inducement to conceal anything from you. I have endured as much suffering and undergone as much misery as any man could wish, or expect one to know. I do not fear anything in the future, and I have no motive to conceal anything from you, and I do not think there is any necessity for the recommendation of that to me, that nothing can prejudice me, because I have no fear of being prejudiced by anything. I say solemnly, that I know nothing more than I have told you.

By Mr. Rollins :

Question. Was Mr. Smalley in your office much?

Answer. He used to be there very frequently.

Question. For what purpose?

Answer. As an acquaintance. There were others who were there as frequently, as he was.

Question. Was he there to urge the appointment of certain parties to office?

Answer. Very frequently.

Question. Was he influential in securing appointments?

Answer. So far as his ward was concerned. Those appointments were made upon the representations of the association of that ward.

Question. You say your salary was \$1,500; what were your expenses per annum?

Answer. Up to within six months, I suppose my expenses were \$1,800 or \$2,000 a year.

Question. Do you mean to say that none of these parties who secured appointments in the custom-house ever made you any presents, directly or indirectly, of money or any other valuable consideration?

Answer. Yes sir, so far as anything of any moment was concerned. I have received canes, and once, I believe, my wife received from Mr. Smalley a \$30 diamond ring, or something of that sort.

By Mr. Le Blond :

Question. Were there not more appointments made in the custom-house than were necessary to transact the business?

Answer. No, sir; I think not.

Question. Do you know whether there have not been recently a great many of these parties that were in the employ of the government there discharged, because there was no need of them?

Answer. I do not know; there were none up to the time I came here. I have heard nothing from there since, except indirectly; possibly there may have been some removed from the public store.

Question. You said, I think, in the commencement of your examination, that your position was not known under the laws and regulations of the custom-house?

Answer. No; I said that the title of private secretary was not known to the customs register. The collectors always had private clerks.

Question. Had not Mr. Barney a private clerk aside from you?

Answer. No, sir; he had a short-hand reporter, who acted in the capacity of private clerk.

Question. Had the office you filled existed before Mr. Barney became collector?

Answer. Yes, sir.

Question. It always existed?

Answer. Yes, sir, so far as I know anything of it.

Question. And the duty devolved upon it of attending to the appointments?

Answer. Yes, sir; usually the clerk who filled the place took a part in the seizure business, but he did it more as the confidential clerk of the collector; perhaps none of the clerks of the former collectors attended so exclusively to the business of appointments as I did.

Testimony of Lewis Benjamin.

NEW YORK, April 13, 1864.

Lewis Benjamin sworn.

By the chairman:

Question. How old are you?

Answer. Between 39 and 40 years of age.

Question. How long have you resided here?

Answer. Since 1841 or 1842; was born in Baltimore.

Question. What has been your occupation here?

Answer. When I first came here I was a clerk.

Question. For whom?

Answer. A man by the name of Phillips, in Hudson street. He was engaged in a loan office.

Question. How long did you continue with him?

Answer. I was with him until 1844; I was then in business with my father.

Question. What kind of business?

Answer. Watches and watch materials.

Question. How long did you remain in that business?

Answer. Until 1846.

Question. What business did you then engage in?

Answer. I still continued in the same business—went travelling.

Question. How long did you continue in that business from the time you left your father?

Answer. From 1846 until 1849 I was travelling with watches and watch materials, although New York was my home. From 1849 I was a traveller for the house of Simons, Hills & Co.

Question. How long?

Answer. Until 1853, when I became the junior partner of the firm.

Question. How long did you continue with the house?

Answer. Until they failed in 1860; after their failure I went into the exchange and brokerage business.

Question. How long did you continue at that?

Answer. Until the war broke out.

Question. And after the war broke out?

Answer. I continued in it until the business left me—until I had no more business.

Question. Then what did you do?

Answer. I went into the commission business.

Question. What branch of it?

Answer. To execute orders for all kinds of goods. I wrote to all my friends. I lost everything when the war broke out. I was doing very well when I

was in the exchange and brokerage business, but I lost pretty much everything, and I wrote to my friends in England, Australia, Canada, and Havana, informing them that I proposed to go into the commission business, and soliciting orders from them. I commenced the commission business, I think it was in July or August, 1861, and continued it up to the time of my arrest, which was the 31st of December, 1863.

Question. During that time where was the principal portion of your commission business transacted, and with whom?

Answer. The principal portion was with Canada, Australia, England, and Havana.

Question. Did your orders extend beyond Havana to any of the West India islands?

Answer. No, sir.

Question. Did you receive any from Nassau?

Answer. Yes, sir, I received orders from Nassau; I received two or three orders from Havana—small orders—through Mr. Hoffuung, of Canada, who was a correspondent of mine, and a man for whom I had done business for 10 or 15 years, to be executed here and sent to Nassau.

Question. What was the character of these orders?

Answer. As far as I recollect, these orders were for whiskey, tobacco, pipes, boots and shoes, hosiery, borax, and other things that I cannot recollect.

Question. They were to be shipped where?

Answer. From here to Nassau.

Question. Were the orders executed?

Answer. No, sir, I did not execute those orders; I wrote back for information; I only executed an order for some boots and shoes, and hosiery; a part of the order was executed.

Question. Did you have other orders from Nassau, or Havana?

Answer. From Havana; about September, 1861, I formed an engagement with a house in Havana to become their agent and do their business here, their money business, and also to execute orders for them.

Question. In the shipment of goods, or in the fulfilment of these orders to ship goods to these places, you were required to give bonds?

Answer. Yes, sir.

Question. And did you give them?

Answer. Yes, sir.

Question. Did you ever have any difficulty in the giving of these bonds?

Answer. I was only called upon to give bonds for shipments to Nassau; no bonds were required for shipments of goods to Havana. There were occasional orders for foreign goods, which were purchased in bond, and for these regular export bonds were given.

Question. Did you ever give any of these consumption bonds to Nassau?

Answer. Yes, sir, I did in the spring.

Question. Were there any obstructions or delays at the custom-house in the execution of these bonds?

Answer. Not at first when I gave them; I only gave three or four in the spring of 1863, and when these were given I had no difficulty in giving them; but I had some difficulty in cancelling them when the proper evidence came for their cancellation.

Question. What was the difficulty then?

Answer. There had been some new treasury regulations which provided that bonds should not be cancelled upon a consul's certificate of a similar form to those upon which they had been previously cancelled. Finally I procured all the necessary papers to cancel these bonds.

Question. Did you in the cancellation of these bonds, procuring or expediting their surrender, have occasion, directly or indirectly, to use any money?

Answer. No, sir.

Question. To expedite the shipment of goods under the orders you received, did you have occasion to use any money yourself, directly or indirectly?

Answer. Never; let me qualify this by stating this: It frequently happens that merchants obtain orders for shipment of goods on particular vessels, where there is but little time left between the receipt of the order and the sailing of the vessel. In these cases more than ordinary expedition must be used in order to execute the orders, and in some cases where inspectors were detailed to inspect foreign goods shipped in bond; where they had to stay over their time, they sometimes expect a few dollars. With that exception, which amounts to a mere trifle, I never paid any money for that purpose.

Question. You speak of Hoffnung, in Canada, sending you orders; he afterwards came here?

Answer. Yes, sir.

Question. What were your relations with him afterwards?

Answer. None but that of a commission merchant with his clients.

Question. Have you any knowledge that he ever gave any money to Mr. Stanton for any favors extended to him in the transaction of business in his bureau?

Answer. I do not know anything of the kind from my own knowledge; I can only speak upon information and belief.

Question. When did Mr. Hoffnung come here?

Answer. In April or May, 1863.

Question. What business did he engage in?

Answer. Commission business to Australia, Canada, Nassau, England, Demerara, Barbadoes; I made shipments for him to all these places.

Question. Were you thrown into confidential relations with him in respect to this business?

Answer. Yes, sir; I had been his friend for fifteen years.

Question. Did he converse freely with you about his business?

Answer. Yes, sir.

Question. Did he ever make any communications to you with reference to any difficulties or inconveniences he ever experienced at the custom-house?

Answer. Yes, sir.

Question. Did he ever inform you that he found any difficulty in the way of transaction of business at the custom-house which rendered it convenient and proper for him, in his opinion, to use money?

Answer. I cannot give you a definite answer to that question, and I will give you exactly what you require. When I found that there was difficulty in cancelling these bonds, I told Mr. Hoffnung that I must decline all further business to Nassau. It was in March or April that I made three or four shipments. He went to Nassau himself, and his brother-in-law, Wolf, came back from Nassau, and he made shipments, but I forget who was the surety upon the bonds; but there was nothing irregular at that time of any description. He (Hoffnung) returned from Nassau, and he told me then that he did not see why I could not do the same as other commission merchants in the city; that he was well satisfied that there were houses who were doing an active business there, and he thought I should be put upon the same footing as they were. I told him that I did not know anything about it at all, but I would see. I made some inquiries of a broker, and I found that, as far as he knew, everything was done in a perfectly straight-forward and regular manner. I called upon Mr. Stanton, and asked him, and he said he was perfectly willing to do everything that was right, proper, and legitimate; that the regulations were very stringent, and that he must insist upon just such sureties as he was perfectly satisfied with. I was very anxious to do Mr. Hoffnung's business if I could consist-

ently with my safety, or rather with the law. Mr. Hoffnung was perfectly satisfied to make shipments himself, or have other parties or his brother-in-law ship goods, if he had the same facilities with others. Among other parties with whom I had conversation upon the subject was Mr. Palmer. I complained to Mr. Palmer that I thought Mr. Stanton objected to sureties I offered upon these bonds for Mr. Hoffnung, and that seemed to me to indicate a disposition not to permit me to do my business as easily as other persons. He thought I was mistaken, and he said he would see Mr. Stanton upon the subject. He saw Mr. Stanton, I believe, and he said Mr. Stanton insisted upon real estate sureties. I told him that I did not know any people who owned real estate that I would like to ask to become sureties, and I asked him if he could suggest anybody himself. I told him that Mr. Hoffnung had empowered me to remunerate any such sureties for any risk they might run in this matter, and he said he would see and consider about it. After two or three days had elapsed, he told me that he had had a conversation with a gentleman by the name of Smalley, and that he was perfectly willing to go upon the bonds. Mr. Smalley became surety upon these bonds, and I paid him regularly \$100 for each bond. I drew a check to his own order, and left his name on the margin of my check-book. I did not know at that time that Smalley was in the custom-house employ, nor did I know that fact until after I was arrested, and then I learned it from the papers. I think Mr. Stanton made some objections, when the bonds were large, that Mr. Smalley was not qualified to become surety, or rather could not qualify in the necessary amount. Sometimes Mr. Smalley was out of town, and as the time before the Corsica, upon which most of these shipments was made, was to sail would be very short, and as the clearance had to be perfected before the order for freight was given, Mr. Hoffnung would effect a clearance from Mr. Stanton upon the promise that Mr. Smalley, upon his return to town, would sign the bond as surety. I do not think there was any difficulty about the cancellation of bonds upon the proper evidence. The difficulties were in regard to obtaining clearances in the right time.

Question. Did Mr. Hoffnung, in his negotiations with Mr. Stanton, use money?

Answer. He told me that he felt satisfied that money was used in some way, and I began to think so, because I found that other parties were doing their business regularly and with every facility, and it seemed to me that when Hoffnung or I came before him to do any custom-house business, there were unusual obstacles thrown in the way. Mr. Hoffnung suggested that money must be used. I told him that I did not wish to go into any such business as that, and if he thought so, to take the matter into his own hands. The first intimation I had of this business he told me he was going to see Mr. Stanton at his own house. I believe I gave him a check for \$200. That was the first time. He drew the money, and went to see him.

Question. How do you know he went to see him?

Answer. I don't know that he did; only he told me he was going to see him; I saw him go into the Sixth avenue cars, and he said he was going up to Stanton's. Upon that occasion he said he did not see Mr. Stanton; that he (Stanton) was not at home.

Question. What did he do with the money?

Answer. He kept it. He was in the habit of drawing money at all times, and frequently I would give him checks or money. I always had large amounts of money in my possession, and I gave him checks when he wanted them for other purposes.

Question. Did you upon several occasions at Mr. Hoffnung's solicitation procure fifty or one-hundred-dollar bills?

Answer. I did three or four times. I either got \$100 bills or I might have sent out a boy for them. I think once or twice I sent one of the boys in the office to the bank to draw \$100 bills for the checks.

Question. What did he say he wanted bills of that denomination for?

Answer. For the purpose, I think, of seeing Mr. Stanton.

Question. Did he ever say why he gave that money to Mr. Stanton?

Answer. Never distinctly why.

Question. Did he say that it was to facilitate matters in the clearance of goods, or the acceptance of sureties, or anything of that sort?

Answer. That was the understanding.

Question. Do you know from what he said that he left money at any time at Mr. Stanton's desk or in an envelope for him at his house?

Answer. I think on one occasion he mentioned to me that he left some money for Mr. Stanton on his desk at the office.

Question. Have you any idea from your conversation with Mr. Hoffnung how much money he used with Mr. Stanton?

Answer. I think he told me it was \$200 each time that he used; it was either three or four times, but it might have been more, and it might have been under three. I was giving Mr. Hoffnung money all the time, and charging it to his account; and I would not swear that such and such checks were given for such and such purpose. I recollect the amounts, as he stated them to me, were each time \$200.

Question. You have no knowledge about this matter independent of Mr. Hoffnung's statement to you?

Answer. No knowledge whatever.

Question. Have you any knowledge of any other parties giving money to Mr. Stanton for this purpose besides Mr. Hoffnung?

Answer. I cannot say that I have. I have heard it stated by some person (I don't know whether it came through my broker or Mr. Palmer) that Mr. Encas was very actively engaged in this business, and that he experienced no difficulty in the cancellation of his bonds.

Question. How many shipments did you make yourself to Nassau?

Answer. Three or four.

Question. Did you ever make any to Bermuda?

Answer. I never made any shipments to Bermuda. I chartered a vessel for Mr. Hoffnung to go to Bermuda, and he shipped the goods.

Question. Did you buy them, or he?

Answer. I bought them for him.

Question. What were the goods?

Answer. Flour, produce of all kinds, cheese, candles, soap, rope, bagging—a general assortment of goods.

Question. Did you buy more than one shipment?

Answer. No, sir.

Question. Did you have any difficulty in clearing these goods at the custom-house?

Answer. None that I recollect.

Question. Have you any knowledge of money being paid directly to Mr. Stanton for the surrender, abstraction or cancellation of bonds?

Answer. No, sir.

Question. Have you any knowledge of goods being shipped with or without a consideration, which were not in the manifest?

Answer. None whatever.

Question. Have you any knowledge of goods being shipped for a consideration, that were on the manifest?

Answer. No, sir; I knew of nothing except what I have seen in the public prints; I know of nothing save what I have told you.

Question. What did Hoffnung leave the city for?

Answer. For business. He was at Halifax when I was arrested, and he has never been back.

Question. Did you have any of his funds in your hands?

Answer. A very large amount. The custom-house have had them in their possession ever since they broke open my safe; it is between 30 and 40,000 dollars; these funds were all in gold drafts and in gold, and in bills of exchange. With his property my little store was taken.

Question. Who took your safe—cut it open?

Answer. I wish I could discover.

Question. Who gave the order?

Answer. I cannot ascertain that.

Question. You cannot find out who did it?

Answer. No, sir. I have been told by my clerk who was there, that they turned him out of the room, locked the door, and put something before the key-hole, and that there were several parties engaged in it. I do not know the names of all the parties who were in there. He mentioned the names of Deputy Surveyor Brown and Mr. Isaacs; I think he mentioned the name of a gentleman whom I saw here, Mr. Cuyler; there were several other parties there whose names I cannot recollect. A portion of the money they took from my safe was money that had been previously seized by the custom-house authorities on the person of Mr. Wolf, on board of the steamer, but which, upon the representations of Lord Lyons, was subsequently given up, or rather, which was given up after an investigation had been made, as I understand, by Mr. Jordan, the Solicitor of the Treasury. Nearly the whole of this property was precisely the same property that was seized on Mr. Wolf. There was a check for \$9,600, the proceeds of some bonds that had been sent to Philadelphia for sale; these bonds were brought here from Nassau; they were 2d mortgage bonds of the Broad Top and Hillhouse railroad, for \$13,000; these bonds were seized and subsequently given up; I sent them to Drexel & Co., of Philadelphia; they found a purchaser for them and remitted me the money; I received the check for them the morning I was arrested.

Question. What became of it?

Answer. That is among the other securities. There were also two drafts among the securities that were remitted to me by Finley & Ganley, of Havana. I did the money business of that house. These two bills I think were given up to Mr. Finley, who came on here by General Dix's order. General Dix issued an order for their delivery, and I have been told by my counsel that General Dix never gave an order for the opening of my safe.

Tesimony of James Kent Boyd.

NEW YORK, April 13, 1864.

James Kent Boyd sworn.

By the chairman:

Question. How long have you resided in this city?

Answer. I have been here pretty near all my life; I was born in Baltimore.

Question. What is your occupation?

Answer. It is now what they call a custom-house broker.

Question. How long have you been in that business?

Answer. Between five and six years.

Question. In what do your duties consist?

Answer. In passing entries for merchants through the custom-house, through the routine from one clerk to another.

Question. Have you had anything to do in connexion with the clearance of goods?

Answer. But very little.

Question. Have you ever been employed to obtain bonds and sureties to bonds for the clearance of vessels to Nassau, Cuba, Matamoras, Bermuda, &c.?

Answer. I have never been required to obtain either a bond or a surety, but I have had connexion with them in respect to getting export papers through the custom-house in a legitimate way.

Question. Have you had anything to do with the procuring the surrender or the cancellation of any of these bonds?

Answer. I only made one attempt to cancel these bonds, and this was by the papers handed me by one of the shippers. These papers I presented to Mr. Hanscom; he said that the papers were not sufficient, and he would not take them; I gave them back to the merchant; I never heard anything more of it.

Question. Did you ever have any conversation with Mr. H. B. Stanton in reference to these bonds?

Answer. No, sir, except in a mere legitimate way—that is, to ask him if such a surety would do, or what amount of bonds he wanted; some mere casual question like that.

Question. Have you ever had any with his son, Cady Stanton?

Answer. I have had to a certain extent.

Question. Did you ever procure the surrender of a bond or bonds from him?

Answer. Never.

Question. Through or from Cady Stanton?

Answer. Never one solitary paper of any kind. As to young Stanton, the explanation I gave to the committee upon the investigation of Mr. Stanton's case was simply this: that certain parties, (I refused to give their names then, and I do not suppose it is necessary to give them here,) more than one of my customers whose export papers I had put through, and who were required to give bonds, came to me and told me that the thing could be done upon the payment of a certain amount, and where the certificates furnished Mr. Stanton were not acceptable, they could be made acceptable by paying a certain amount; these customers of mine came to me with this story, and asked me to investigate the matter and see if it could be done; I did investigate the matter so far as (to use a vulgar phrase) to pump young Stanton, and I saw that he was very weak. Although young Stanton had importuned me two or three times to transact the business, I told them that I would have nothing more to do with it. I told the parties, whenever they asked me, to make their own arrangements. I will say that Mr. Benjamin was one of those parties who asked me, among others. He asked me to pump young Stanton, and find out if the thing could be done. Whether Mr. Benjamin did or not himself I cannot say, but it is my opinion that he did not. I can safely and conscientiously say in regard to Mr. Benjamin's business, as far as I know, so far from trying to elude anything that was required by the forms of the custom-house, on the contrary, he told me to comply with everything that was required, and I did so. Every solitary act of mine with regard to Benjamin's business at the custom-house was perfectly legitimate, so far as I did the business.

Question. Did you ever approach H. B. Stanton upon the subject?

Answer. No, sir.

Question. Do you know of any one who could give us information as to who did actually procure the abstraction of any bonds?

Answer. I do not.

By Mr. Le Blond :

Question. Can you not think of some other party besides Benjamin, whom you did business with, who suggested how these things could be done in the bond bureau?

Answer. The only ones were those for whom Benjamin transacted business—foreigners, who were away.

Question. Can you not give us the names?

Answer. One was Wolf, and another party was Hoffnung; there are no

others that I can call to mind. They were pretty nearly all the parties for whom I did anything in that room.

Question. What induced you to go to young Stanton?

Answer. Their asking me to see him.

Question. Did they ask you to go to young Cady Stanton?

Answer. No, I cannot say that they did really say go to Cady Stanton, but to find out if the thing could be done in that bureau.

Question. And you fell upon young Stanton?

Answer. Yes, sir.

Question. Who first opened the subject, you or young Stanton, about paying a consideration for the cancellation of bonds?

Answer. I cannot say. I might have done so, and he might.

Question. Where did this conversation take place?

Answer. That would be hard to answer, because I met him in the street, up town, in the custom-house, and all over.

Question. Were you ever approached by anybody upon the subject of procuring the abstraction of bonds from the bond bureau?

Answer. I cannot say that I have, unless the purport or the idea of these parties who did speak to me about them was intended in that way. It may have been. I cannot say.

Question. You heard the report of the abstraction of a certain class of bonds from the bond bureau?

Answer. Yes, sir.

Question. Were you advised of the shipment of goods to Nassau by Hoffnug, Benjamin & Woolf, at the time they were about to ship?

Answer. The first knowledge I had that they were about to ship goods to Nassau, they would bring in the papers, a part complete, the legitimate export entries, and say: "Here, go on with these as quick as you can. We want to ship to-day or to-morrow." That is all the previous knowledge I may say I had of it.

Question. You were acting as the broker at the time these bonds were given that were afterwards abstracted?

Answer. I don't know that fact, for I don't know that any were abstracted, except from the reports made in reference to it.

Question. How long had you been acting as broker for Mr. Benjamin?

Answer. I had been acting for him I may say two and a half or three years, pretty much entirely.

Question. Up to the time of his arrest?

Answer. Yes, sir.

Question. Do you knew a broker by the name of Henry C. Smith?

Answer. Yes, sir.

Question. Have you ever seen him in conversation with H. B. Stanton?

Answer. Never, I believe, in my life.

Question. Has he ever told you anything about the manner in which bonds could be abstracted from the bond bureau?

Answer. Never one word.

Question. Has H. C. Smith a partner; if so, what is his name?

Answer. John A. Lockwood.

Question. Was it a general understanding among the custom-house brokers that bonds could be abstracted from the bond bureau, at the time you have reference to, and that certain securities or cancellations could be had by the giving of money for them?

Answer. I cannot say that it was a general understanding, from the fact that I never did anything of the kind myself, and I don't know of any one else doing it; but it was very much whispered about. It was an impression made around among the brokers.

Question. Was this general impression that they could be procured through the elder Stanton, or young Stanton, or any other member of the bond bureau?

Answer. I cannot say that anybody in particular was mentioned.

Testimony of Ephraim Morris.

NEW YORK, April 16, 1864.

Ephraim Morris sworn.

By the chairman :

Question. How long have you lived in this country?

Answer. Ten or twelve years.

Question. Where have you lived?

Answer. In Texas.

Question. What part of Texas?

Answer. Jefferson, in the eastern part of Texas.

Question. How long did you live there?

Answer. About eight years.

Question. How long since did you leave there?

Answer. It has been twenty months. I left there at the time General Hamilton left.

Question. You have been here since?

Answer. Yes, sir.

Question. What was your business in Texas?

Answer. Merchant.

Question. What has been your business since you came here?

Answer. Commission business. Buying and selling goods.

Question. Did you make any shipments yourself?

Answer. No, sir.

Question. Who did you buy goods for?

Answer. I went with goods to Matamoras with my father-in-law. His name is Roth.

Question. How long ago?

Answer. The first trip we made was twelve months ago. I returned from there, and went again. I made two trips. I took goods each time for my father-in-law, to Matamoras.

Question. What kind of goods?

Answer. The first goods were pretty generally for the Mexican market—dry goods, groceries, boots, shoes; no blankets.

Question. Any ammunition?

Answer. No, sir.

Question. How was it the second time?

Answer. The second time we had groceries, liquors, boots and shoes.

Question. How long were you there the first time?

Answer. About a month.

Question. Did you go back into the country?

Answer. A few miles out,

Question. How long were you there the second time?

Answer. About two months.

Question. What did you do with the goods either time when you got them down there?

Answer. The first time we sold them to a citizen of Mexico. I think his name was Bennett. He lived in Matamoras.

Question. Was he an American citizen?

Answer. He was a Mexican citizen.

Question. Where was he born?

Answer. That I never inquired.

Question. Who did you sell to the second time?

Answer. The second time I did not have any control over the goods; neither had my father-in-law.

Question. Who did have?

Answer. A man by the name of Caymaro. My father-in-law, when we first went out, took a draft on Havana which was protested. By advice, my father-in-law took goods of parties in this city for the amount of the draft and \$3,000 more, which goods were shipped on the Sarah March, and were under the immediate control of Caymaro from this city on the 24th of March, 1863, and they were cleared from the custom-house for Matamoras. Arriving at the mouth of the Rio Grande, a part of these goods were taken off and were sold direct, by myself, under the directions of Caymaro, to the supercargo of a blockade-runner, (Mr. Hurley,) who paid Mr. Caymaro \$2,701 30. The balance of the cargo was landed at Matamoras. Caymaro went over, daily, to Brownsville, Texas, negotiating for the sale of these goods in exchange for cotton.

Question. Who did he sell the goods to?

Answer. To the confederate agents.

Question. What were their names?

Answer. One was General Bee. He was the acting quartermaster in the service of the confederate army. These goods consisted of biscuits, flour, blankets, heavy wagons.

Question. Did these goods pay for the amount of cotton Caymaro received?

Answer. No, sir. He paid the balance in money.

Question. Where did Caymaro live?

Answer. Here, in the city of New York. He is now here. He is a Spaniard.

Question. Did you go with Caymaro to Brownsville when he was negotiating for the sale of goods in reference to this cotton?

Answer. Yes, sir.

Question. Were you present and did you see him negotiating the sale of these goods for cotton?

Answer. Yes, sir.

Question. How much was the balance in money that he paid?

Answer. At one time he paid \$500, and at another time \$150.

Question. What did he do with the cotton?

Answer. A portion of it went to Havana, and a portion of it came here, 126 bales in the bark Elf. The portion that went to Havana went on the Echo.

By Mr. Le Blond:

Question. Who was the owner of the Elf?

Answer. That I cannot tell you.

Question. Who was her captain?

Answer. I have forgotten his name.

Question. Who chartered the vessel?

Answer. I don't know. At the time of the sale and delivery of this cotton my brother (E. H. Morris) and myself were in Matamoras, and I saw the cotton coming over from Brownsville.

Question. The cotton on the bark Elf—was it seized by the government, and is it in a government warehouse?

Answer. The cotton was seized. It is not in a warehouse, as I understand, but was taken out on bond.

Question. How did you know that Caymaro paid \$500 at one time?

Answer. I counted the money by direction of Caymaro, and I paid it myself to the confederate agents.

Question. How did you know that they were confederate agents?

Answer. I was a Texan myself, and in talking with them they told me that he had a commission in the confederate service. I don't know their names.

Question. Did you take a receipt for the money?

Answer. No, sir. Caymaro was there.

Question. What do you know about the \$150?

Answer. I counted that too, and I paid it to the same party the same evening. The bargain was made for the cotton in Brownsville, and the cotton was delivered in Brownsville, to Caymaro, and Caymaro brought it over, himself, and the confederate agents came to Matamoras to receive the balance of their pay for the cotton.

Question. Was Caymaro present when the money was paid?

Answer. Yes, sir; each time.

Question. Was Caymaro acquainted with these men from whom he bought the cotton, previous to that transaction?

Answer. That is a thing I cannot tell.

Question. Did Caymaro know that these men were confederate agents?

Answer. I could not state exactly that he knew it. Of course, he must have known it, because they came from Texas.

Question. Was Brownsville at that time under the jurisdiction of the confederate government?

Answer. Yes, sir.

Question. When was this cargo landed at Matamoras, and at what time did the sale of cotton take place to Caymaro?

Answer. That was some time in May or June, 1863.

Question. Have you had any conversation with Caymaro since his and your return to New York, upon this subject?

Answer. No, sir.

Question. Had you any interest, directly or indirectly, in this cotton that was brought to the city of New York?

Answer. No, sir.

Question. Or in any portion of the cotton that was purchased at that time by Caymaro?

Answer. No, sir.

Testimony of Peter H. Morris.

NEW YORK, April 18, 1864.

Peter H. Morris sworn.

By the chairman:

Question. Do you reside in this city?

Answer. Yes, sir.

Question. How long have you resided here?

Answer. Four or five months. I left Texas in 1861; came to New York; was here about three months; then returned to Matamoras, and staid there until about five months ago; am a brother of Ephraim Morris; while in Matamoras I was engaged in merchandising—in the retail trade; sold dry goods and Yankee notions—goods for the Mexican trade.

Question. Were you in Matamoras when the Sarah March came to the mouth of the Rio Grande?

Answer. The Sarah March arrived there before I did.

Question. Were you there at the time the Elf took on board the cotton?

Answer. Yes, sir.

Question. Do you know who shipped that cotton?

Answer. Camaryo.

Question. Do you know who paid for it?

Answer. He paid for it.

Question. How do you know ?

Answer. I saw it—a part was paid in money, and a part in goods.

Question. Where were the goods ?

Answer. He delivered them over to Brazil.

Question. Camaryo went over first and made his bargain ?

Answer. Yes, sir.

Question. Where were the goods then, in Matamoras or on board the Sarah March ?

Answer. In Matamoras ; he shipped them over to Brownsville.

Question. Who did he sell them to in Brownsville ?

Answer. Some to these men that he bought cotton of—some he sold to General Bee, of the confederate army.

Question. How do you know that he sold goods to General Bee ?

Answer. I saw him delivering the goods to him.

Question. Do you know what Camaryo got for them ?

Answer. He got cotton for them.

Question. Do you know how many bales ?

Answer. I cannot tell exactly.

Question. How do you know he got cotton ?

Answer. Because I saw the cotton that was brought over.

Question. Where was it delivered ?

Answer. General Bee sent it over to Camaryo.

Question. Then the committee understand you that General Bee delivered the cotton in Matamoras, and Camaryo delivered the goods in Brownsville ?

Answer. Yes, sir.

Question. About how many bales do you think Camaryo had of General Bee ?

Answer. It was about thirty-five bales.

Question. What became of that cotton after it was carried to Matamoras ?

Answer. Camaryo took it and put it on board the Elf.

Question. You say that the cotton was put on board the Elf ; how do you know it ?

Answer. I saw it go on board, and I came a passenger with the cotton on the bark Elf to New York.

Question. Who did Camaryo sell goods to besides General Bee ?

Answer. He sold some to two gentlemen ; he delivered them over on the other side ; he bought cotton with them, and brought it over to Matamoras ; paid for it part in money, and a part in goods. At one time he paid them \$150, and at another time \$500, at my house.

Question. Do you know the names of the parties ?

Answer. I do not.

Question. Were they traders at Brownsville ?

Answer. My brother asked them who they were, and where they were from, and they said they were commissioners from the confederate States.

Question. Where did they say that—in your house, or at Brownsville ?

Answer. In my house, at Matamoras.

Question. How came they to say that ?

Answer. If they are confederate officers they are proud of it, and generally say so.

Question. Did you hear any one else say that they were ? Were they generally said to be confederate officers ?

Answer. I did not inquire any further.

Question. There were two of them, you say ?

Answer. Yes, sir.

Question. How much cotton did Camaryo receive from them, should you think ?

Answer. I think he received from them about fifty or fifty-five bales.

Question. Did he pay for them in goods?

Answer. A part in goods, and a part in money; \$500 at one time, and \$150 at another—the balance on the cotton.

Question. It was paid at your house?

Answer. Yes, sir.

Question. Did he pay them in gold or silver?

Answer. In gold eagles.

Question. Did you help count the money?

Answer. Yes, sir.

Question. Do you know where the rest of the cotton came from that was on board the Elf? You have accounted for about ninety bales.

Answer. They got it all from Brownsville; I saw it coming over.

Question. Do you know of Camaryo having any other cotton from Brownsville than what was shipped on board the Elf?

Answer. Yes, sir.

Question. How much?

Answer. I believe he shipped one hundred and twenty-five bales to Havana, in the schooner Echo.

Question. That never came here.

Answer. No, sir.

Question. How was that paid for, do you know?

Answer. That was paid for—a part in goods, and a part in money.

Question. What was the character of the goods that you saw sold to General Bee and these other men?

Answer. Biscuits, flour, and something in sacks, either coffee or rice.

Question. Were there any blankets?

Answer. Yes, sir, and wagons.

Question. Were there any boots and shoes?

Answer. I did not see any.

Question. Who took the wagons in Brownsville?

Answer. Camaryo sent them over.

Question. Who took them at Brownsville; who bought them of Camaryo?

Answer. General Bee; he took the wagons.

Question. How about the flour, biscuits, and the sack goods?

Answer. He bought all of them—he is acting as quartermaster in the confederate service.

Question. Where is the Sarah March?

Answer. She has gone to Europe, I believe.

Question. Do you know who owned her at this time when she went to the mouth of the Rio Grande?

Answer. No, sir.

Question. Who was her captain?

Answer. I have forgotten his name.

By Mr. Le Blond:

Question. Did you return to New York on board the Elf with this cotton that is in controversy here?

Answer. Yes, sir.

Question. You came here a passenger on the Elf: were you on board of her when the authorities seized her?

Answer. No, sir.

Question. What time did you arrive here?

Answer. The 15th or 16th of September, 1863.

*Testimony of Isaac P. Hussey.*NEW YORK, *March 21, 1864.*

Isaac P. Hussey sworn and examined.

By the chairman :

Question. Will you please give the committee your residence and business ?

Answer. I reside in New York ; am not in business now ; have been out of business for some time, except dealing in stocks a little.

Question. The committee are informed that you can tell us something about these custom-house bonds, and the manner in which they were easily gotten up ?

Answer. I made a statement to Mr. Jordan.

Question. For a specific purpose we want you to recapitulate your statement ?

Answer. Personally, I do not know anything about how the bonds were got up, nothing except from hearsay. I don't know Mr. H. B. Stanton, (never spoke to him in my life,) who was said to have cancelled some bonds. Mr. Conklin handed these bonds in question to Mr. Denison, in my presence ; I had them in my hands ; I did not make any negotiation for them ; Mr. Conklin made the negotiation through a broker ; I think his name was Smith. I will tell you the way I happened to know anything about this matter. But first, let me remark that I was appointed by Mr. Chase to some sort of place, (I don't know exactly what the appointment might be considered to be,) and I was stationed in Baltimore for the first eighteen months of this administration, ostensibly from the custom-house, but I did not have anything to do with it, and reported all I did to Mr. Chase. My duties related to the contraband trade on the Chesapeake bay. I had been in the forwarding business seven or eight years on the lakes and the Erie Canal, and connected, as it was, with the railroads, I had become pretty familiar with the different modes of transportation. While in New York I discovered that there was a good deal of contraband trade going on from here, and I went in and told Mr. Barney, along in July, 1863, about it. I had no connexion with the government then, and it was entirely voluntary on my part. I supposed there were a great number of Jews doing a large business in running the blockade which people generally did not know anything about. Mr. Barney did not seem to pay any attention to what I said about it. I told him of the steamer that was then loading, (the *Duoro*,) a Spanish steamer, and Mr. Barney said it could not be possible. She was afterwards captured by some of our blockaders with the same cargo that she had from here. About this time I accidentally overheard some people talking about getting up bonds, and they said it could be done very easily. I satisfied myself that this was true as well as I could, and went and told Mr. Barney about that. He did not pay any attention to it at first, but finally he said he was engaged with some other matters, and he would introduce me to Mr. Hanscom. I told Mr. Hanscom what I knew about the matter, and he seemed to be anxious to find out about it. After that I went into Mr. Denison's office, (the naval office,) after I had seen some of the bonds, and told him they were getting up those bonds.

Question. Did you say that you had told Mr. Barney ?

Answer. Yes, sir ; in July, soon after it occurred. Some of the bonds were not over three or four days old. I told Mr. Barney about it, and he did not seem to pay any attention to it. I thought he did not regard my information much, and I thought I would not give him any more. Mr. Denison seemed to be very anxious about it. I told him that I thought I could arrange it so that he could see some of the cancelled bonds that were not a week old. He told me in a day or two afterwards that Mr. Jordan was coming on here, and he would like to see some of these bonds. He brought Mr. Jordan down to Mr. Conklin's place, where I have a desk. Mr. Jordan, through the figuring of two or three of them, got the bonds (eight or nine) in his hands which had been can-

celled by that one arrangement ; some of them were three or four days old. What the arrangement was I don't know, except what other people say. I don't know Mr. Stanton at all.

Question. Did Mr. Conklin, as you understand, act as the negotiator for these bonds ?

Answer. I think he made the negotiation with a broker, (Smith.) I think that Mr. Conklin's whole statement has been made to Mr. Jordan and sworn to. Mr. Conklin very willingly told all he knew about it. I think he drew his own checks for the amount of money he paid.

Question. Do you know the amount he paid for each bond ?

Answer. I think his check book will show exactly what he paid ; the amounts run from 500 to 800 or 1,000 dollars, depending upon the amount of the cargo. When Stanton laid it to his son, he (Conklin) said that could not be, for he stood in the hall when the broker went in and made the negotiation. There was some difference, and finally the broker went in and had a private interview with Stanton himself, and he saw it, and the broker came back and assented to the reduction.

Question. In whose name was the check given ?

Answer. I don't know.

Question. We have had Smith before us, and he swears that the negotiation was with the young man ; he does not admit this matter that you have now stated.

Answer. He denied the whole of it one day, and the next morning he said that every word he had said the night before was a lie. He and Stanton were seen at the Fifth Avenue Hotel that night together, as I was informed. There did not seem to have been anybody in the custom-house who would give anybody any sort of encouragement but Mr. Denison and Mr. Hanscom. I took a great deal of pains to find out facts in regard to blockade running ; I sent a man on board the Duoro, to engage his passage to Wilmington, on purpose to see what they were doing, and paid his expenses. I spent \$150 in what I did, and received no encouragement, and quit. I told Mr. Barney that this steamer José, (she used to be called the Eagle,) was bought for the blockade business ; I had it from a man who I thought knew. I told Mr. Barney of another steamer that was built here for a Spanish house ; that she belonged to southern people undoubtedly, and that she was going there for the blockade business. She went off in a little while, and I saw three or four weeks after a notice of her arrival at Matamoras ; she was chased by one of our blockaders, but they did not catch her.

By Mr. Rollins :

Question. You say you gave Mr. Barney information about the steamer Duoro ?

Answer. I told him about it along in July.

Question. What did you tell him in reference to her ?

Answer. I told him she was going to run the blockade ; that I had reason to believe the fact to be so.

Question. You had evidence that satisfied you ?

Answer. Yes, sir ; and he said the only way we could do anything was, if we could find any goods on board of her and establish the fact they were intended for Wilmington or Charleston, we might stop the goods.

Question. What reason had you to satisfy you ?

Answer. I sent a man on board of her. I was told by a man who I supposed knew, and I sent an Englishman on board of her and engaged his passage to Wilmington ; the mate and the engineer told him what the programme was.

Question. Who owned the vessel ?

Answer. I do not remember ; I think it is Gonzales.

Question. Was she freighted by her owners ?

Answer. I think she was, but I don't know that positively. I think they advertised for freight; I sent a man down to see if they could take some freight, and they said they thought they were full. They had advertised for freight as a blind, and then, when people came to ship, they would say that they were full; that her cargo was all engaged; it is a common dodge here. I have known a great deal about these things here; the reason I happened to look at these things was because I was doing that kind of work in Baltimore.

By Mr. Le Blond:

Question. What were your particular duties under the appointment that you received from Mr. Chase?

Answer. They were special instructions to look up and find out facts about blockade running; detecting and exposing frauds upon the revenue. I reported, through Mr. Chase, to the War Department. When Mr. Scott was Assistant Secretary of War I did a good deal with that office; after Mr. Stanton got there I resigned.

Question. Was the fact of your having acted in that capacity known to Mr. Barney at the time you communicated these facts to him?

Answer. I think it was; I used to meet Mr. Barney very frequently in Mr. Chase's private office.

Question. Was the position you formerly occupied known to Mr. Hanscom and Mr. Denison, or either of them?

Answer. I don't know; I don't much believe it was to Hanscom; I think possibly Denison might have known it.

Question. You made this remark at the opening of your examination, that you heard talk about the getting up of these bonds; who did you hear talking about procuring these bonds in which they were abstracted?

Answer. The first I heard of it was a conversation between Mr. Conklin and, I think, a member of the house that owned the vessel; I did not know him personally. I do not know whether Mr. Conklin intended it for me to hear, but he had no hesitation in speaking about it afterwards.

Question. You also stated that you saw these bonds after they were taken from the custom-house?

Answer. Yes, sir.

Question. And after they were cancelled?

Answer. Yes, sir.

Question. In whose handwriting were they cancelled?

Answer. H. B. Stanton's name was signed to the cancellation; I don't know his signature.

By the chairman:

Question. Upon these eight or nine bonds that Mr. Jordan saw was "cancelled" written?

Answer. Yes, sir.

Question. Do you understand the question?

Answer. Let me correct myself: I saw, inside, Mr. H. B. Stanton's name. I did not observe whether that signature was to the cancellation, or whether it was his official signature when he received the bonds. My impression is that his signature appears there as the officer who cancelled the bonds, the same as those that are returned with the consul's certificate.

By Mr. Rollins:

Question. Do you say you think they were cancelled?

Answer. I think they were; I may be mistaken.

Question. Are you acquainted with Samuel Myers?

Answer. Yes, sir; I met him some time in July, 1863, on the ferry-boat between here and Staten Island; he lived at Staten Island. I had seen him a

good many times, but had never spoken to him up to the time I met him upon this occasion; should not have spoken to him then had he not spoken to me first. He commenced talking about the war, and said it was impossible to whip the south; that the south would get her independence, and it was a good time to make money. I agreed with him generally; had my motive for so doing. Then he said he had been four or five times to Nassau, and once to Wilmington; that he had bought goods for several large dealers; had filled a good many orders for Charleston and Wilmington; that he had bought as high as \$700,000 or \$800,000 in exchange at a time, and that his son-in-law (Woolff) had made two millions of dollars; then he said, after half an hour's conversation, that there had been some goods seized; his co-workers had not treated him well; he wanted to go out in the Corsica on her next trip; wanted to get all the exchange he could, (he said he could get a million of exchange in new orders,) and wanted to get in with some government officer here that would play fair with him; he wanted to go out there, and be the bearer of all this exchange, by the mail that goes from the south by way of Nassau, and then he wanted an arrangement with Mr. Hanscom, or somebody else, (I suggested Mr. Hanscom,) by which the steamer was to be boarded as she came in here and all this property seized; he thought that the blockade business was probably played out, and the best chance was to make a big haul upon these fellows who were in it, and divide up. I immediately went up to Denison's office, and he was not in; I then went in to see Hanscom, and told him the programme, and I made an appointment for Hanscom to meet me and the Jew that evening about 4 o'clock, and he stated substantially the same thing to Hanscom; he stated what he had been doing, and that a large amount of money could be made out of it—he thought a million of dollars—to be divided among us three. I told Hanscom before we went in not to run against him any, but to assent to it, if he did not say anything; finally we got the whole thing arranged; he was to go on the Corsica, and he said, as he got up to go out, "of course, my expenses will be paid." I said, "yes." The day before the steamer sailed he came in for a thousand dollars in gold for his expenses. I said to him that I did not say anything to Hanscom about that; that, as a matter of course, his expenses would be taken out of this property after he had got it; he said that he must have the money or he could not go; he was very anxious to see Hanscom; I sent up for Hanscom to come down; Hanscom said, "I cannot advance you the money; of course your expenses will be paid;" he went on to say that things were very high in Nassau, and it cost \$5 a day in gold to live there, and he had to drink a good deal champagne with these blockade runners. Hanscom says to him, I cannot advance you any money, but as soon as you get this property then render your bill of expenses and it will be paid out of the proceeds; he flew into a passion and went off, and I did not see anything more of him until the Corsica sailed; the Corsica sails at 12 o'clock m. generally; she lies at Jersey City; I thought I would go and see whether Myers went in her or not; I never had any faith in him from the start; what I thought he wanted was to steal a thousand dollars in addition to what he was doing; I went over and found him there with his family; he sent his son and I guess his daughter in her; the Corsica was anchored in the stream, and pretty soon he got on the tug-boat and went out to her; I then concluded he was going, although he came up where I was and said he was not going, but was sending his daughter who married a Woolff; I came home and left him; I saw him the next morning, and he said it was very foolish for Mr. Hanscom not to have paid his expenses, as we could have made a good deal of money out of it, but he was not going to pay his own expenses; that is pretty much all I know about Myers.

Question. Did Mr. Hanscom make any proposition to Myers about cancellation of bonds in any invoice?

Answer. I never heard him make any ; I was coming to what was said about bonds ; a few weeks after that they seized the steamer José, originally called the Eagle ; she was a prize vessel, and bought by Eneas, when her name was changed, and she was put under the British flag ; when they seized her Myers came to me and wanted to know if the thing could not be arranged ; I told him I didn't know, but I guessed so ; he wanted me to see if I could arrange it ; then he says, "Eneas gave a little bond for \$3,000, a day or two ago, and I want to get it up for him." I told him, during all this conversation, that they were cancelling these bonds at the custom-house for pay, and he wanted to know what was the lowest amount the bond could be got up for ; I went up to see Hanscom and Denison, and that was when they had got these other bonds ; I met Conklin and asked him to see if this broker (Smith) could get another one ; Conklin went to see Smith, and Smith said he could get it, but he could not get it for less than \$500 ; he (Myers) pretended that was too much ; I told him that I could get it for \$300, and he said he would see ; he said Eneas would not give it ; he wanted to make \$100 out of it himself, and he would not let me know until the next morning ; then he said he would give \$350 ; during the time we were bothering back and forth about that, there was something leaked out about these bonds, and the broker said he could not get it at all, and so the thing stopped there. Mr. Stanton was constantly urging the naval officer about the release of the José. I was in Mr. Denison's office two or three times, and Stanton came in and said, "We must dispose of this José ; the owners are being deprived of her services ; it is a miscellaneous cargo, belonging to other individuals, loyal citizens." He was urging Mr. Denison to pass her through his department ; from his action and manœuvres almost anybody accustomed to looking up things could not help coming to the conclusion that he was in the boat.

Question. Do you know about any negotiations in reference to that vessel, other than those you have named ?

Answer. I had some conversation with Myers, in which he asked me how much she could be discharged for ; I told him I would see, but there was never anything serious transpired between me and Denison and Hanscom.

Question. They never authorized you to make any proposition ?

Answer. No, sir.

Question. Neither to Eneas nor to Myers ?

Answer. In no shape whatever ; I said what I did to him as a part of the programme.

By the chairman :

Question. Did you ever suppose, from anything you heard or knew, that Palmer had any knowledge of the abstraction or cancellation of these bonds ?

Answer. I cannot say that I know anything in regard to it.

Testimony of Isaac P. Hussey.

NEW YORK, April 12, 1864.

Isaac P. Hussey recalled.

By the chairman :

Question. In your former testimony you stated that the broker, Henry C. Smith, and H. B. Stanton, were seen together at the Fifth Avenue Hotel, as you were informed, between the two different occasions of Smith's being called before Mr. Jordan, the Solicitor of the Treasury ?

Answer. Yes, sir, I was so informed. It was a week or ten days before Mr. Stanton was suspended.

Question. Who gave you the information ?

Answer. A young man by the name of S. Brownell, I think.

Question. Where is Mr. Brownell now ?

Answer. I am informed that he is with the army of the Potomac.

Question. Did you ever hear or know of any other person seeing them there at any other time together?

Answer. I never heard of his being there at any other time.

Question. The committee have information that an attempt has been made to smuggle a large amount of goods from Canada into the United States, and that you have some knowledge of it. If so, they would be glad to hear any statement that you may have to make in regard to it.

Answer. I could give you a far better and more intelligible statement in regard to the matter if I could have a little time to get at the facts. There are some parties here who are engaged in this business. I have information that there has been a submarine boat built here which has gone out from here within a week, and which is intended to be used for this purpose. The builder of the boat told me that he had been told that I was a friend of the south, and that I could help him. He sat down and gave me information about this thing. He said that they could run the boat ten or twenty feet under the water, no matter how strong the wind might blow—she would not be at all affected by it; that six men could propel her six miles an hour; that he had sold this boat, but for no other purpose than that of smuggling.

Question. What is his name?

Answer. John W. Grider. He resides at 368 Eighth street; and he is a machinist by trade, and a boat-builder, as I am informed.

Question. When did you have this conversation with him?

Answer. I had it four or five days ago at the police headquarters. They say that he is crazy. His room adjoins mine; and he heard somebody call me by name, and he introduced himself to me and commenced talking. He said that they had found a duplicate bill of sale of one of the boats that he had sold last summer to Lamar, a Georgia man, who has figured so conspicuously in connexion with the rebels as agent of the confederate government abroad. He says that he offered to give it to the government, and to furnish a crew to go with her to convince them how it would work; that he finally agreed with Mr. Webb, the ship-builder, if he would furnish money, take hold of it, and introduce it, he would give him half; that Mr. Webb sent him to see Mr. Wood, naval engineer, but they wanted another quarter, and, as he thought, by the time it would be divided round there would be nothing left for him, he backed out. According to his story, there was a regular conspiracy to force his invention from him. He had a boat built, and had an engagement to take this naval engineer and Mr. Webb out on a trial trip, to show them what he could do; but a storm came on, and they waited until the next day, but they did not go then. He would not wait any longer, and he sold the boat to somebody else. He has got some sort of combination of machinery in this boat that extracts the air from the water, that enables the men to breathe under the water. He said they had twelve pumps in the first boat, but it was so arranged now that one pump would furnish all the air that a crew of fifty men would want.

Question. Do you believe that he is crazy, as reported?

Answer. I do not believe that he is.

Question. Does he say where this boat has gone to?

Answer. He would not tell me very distinctly. He said that the persons who had bought this boat bought it to smuggle tobacco with. Just as he said that the door opened, and he stopped, and I did not see him after that. I don't know whether he meant that it was for smuggling into the British Provinces, or out of Richmond, or what it was. He said that they could take \$50,000 worth of goods and go right along under the bottom of vessels, and into any town and out again, every hour of the day, and with no fear of the gunboats; that they could propel her six miles an hour twenty feet under water; and that they had

an apparatus by which they could see three hundred yards; and that they can stay under water fifty feet for twelve hours.

Question. Is he a man of means?

Answer. That I don't know.

Question. Do you know his nativity?

Answer. I do not. My impression is that he is an American. I think he has got somebody behind him that backs him.

Question. Will you give the committee what information you may have relative to the smuggling of goods from Canada into this country?

Answer. I have had information for the last four or five months that I could rely upon, that there was a large amount of business doing in that way all the time. I spent one evening in talking the matter over with a friend of mine—Captain Perkins, who was a native of St. Johns, and who had lived at Montreal ten or twelve years. He said it was perfectly astonishing to see the scows, yawls, and all sort of craft that were busy in running across the St. Lawrence and smuggling goods at different points. I had a great many conversations with Mr. Hanscom and the custom-house people about it. I had arranged a plan to take Captain Perkins with me and go to Canada, in order to make an investigation of the whole thing, but I believe Mr. Barney discouraged it in some way. Something was said to Mr. Harrington, the Assistant Secretary of the Treasury, when he was here, about it; but Mr. Harrington said that Mr. Barney had charge of that matter, and there was nothing done about it. There was a man here by the name of Sutton who gave me information about a Mr. Gairy, now in Fort Warren, as being engaged in this trade; and there was also another man by the name of Rothschild who told me the same thing. Rothschild, I think, is a Jew, and used to belong to a house in Barclay street. About the time that this information came to me about this man Gairy, Rothschild went to Europe, and it was intimated to me by different persons that Rothschild was one of the European purchasers for this organization here.

Question. What organization do you have reference to?

Answer. The organization that I speak of is in connexion with the Frenchman Gairy and a house in Cedar street. I do not want to testify to anything I don't know anything about, but I do not suppose it would be a difficult matter to find three or four pretty large concerns here that are engaged in smuggling from the Canadas into the United States all the time. I do not suppose there is a question about it; they do it very nicely, and have a great many ways of doing it.

Question. Suppose you give us the information upon which you acted when you went to see Mr. Hanscom and Mr. Denison with reference to this smuggling business, and tell us what was done in regard to it?

Answer. The first information I had about this French Jew organization was given me by Sutton, who had been in Fort Lafayette. Gairy was a confidential friend of his, and had told him about it. Gairy had lived in Tampico, Mexico, and Sutton was a Texas man, and had been a prisoner in Fort Lafayette, and also in Fort Warren, and he and Gairy became very intimate. Sutton I believe to be a very honest man; and he told me all about this thing. The last word of advice he gave to Gairy was to come out and tell all he knew frankly, and it would be better for him than to take any other course; and Sutton supposed when I went over to Fort Warren to see Gairy that he would not hesitate to tell me anything he knew about this matter.

Question. What induced you to go to Fort Warren?

Answer. This information of Sutton's, that Gairy knew all about it. He said that there was a combination of twenty or more, and that two millions of exchange had been bought up, and it was his opinion that there was a house here connected with them; and he cautioned me to give them no clew as to what I was going to Boston for.

Question. Upon what authority did you go to Boston?

Answer. I stated the information I had got to Mr. Denison. As near as I can remember I did not have any particular authority.

Question. What time was this?

Answer. I think it was the fore part of August. Mr. Denison said to me, "If I were in your place I would follow that thing up. If you have got any evidence that what this man has told you is correct, you can make money faster by it than in any other way." He was speaking of it in a personal way, as if that would repay me. While I was thinking the matter over, I received a letter from Montreal, saying that there had been \$600,000 worth of goods smuggled across the week before. I took that letter to Mr. Denison and Mr. Hanscom, and it was finally settled that Mr. Hanscom was to give me a letter to the deputy collector, Mr. French, at Boston, a friend of his, by which I would be enabled to see the prisoner Gairy. He wrote me a simple letter of introduction, and told me he had sent a long letter, by mail, to Mr. French, who had charge of the seizure department in the custom-house there, explaining the whole thing privately. I took Mr. Hanscom's letter of introduction; went with it to General Dix's office. General Dix was not in. I staid there two hours waiting for him. I finally explained to Colonel Van Buren, of General Dix's staff, what I wanted, and he took a copy of my letter of introduction and a memorandum of what I wanted to accomplish. He said to me, "If General Dix does not come in time I will telegraph to Colonel Dimmick to allow you to go in Fort Warren. I think it is all right." I thereupon came down town, got my carpet bag, and took the cars on the Shore Line road that evening for Boston, at 4 or 5 o'clock. When I got to the custom-house at Boston they seemed to know all about it, and the collector wrote a letter and sent a man down with me to the fort. Whether they were instructed by General Dix to let me in or not, I do not know, but they let me in without trouble; and after I got in, they sent for this man Gairy, and left us alone together. I introduced myself as coming from Sutton, who had been in Fort Lafayette and Fort Warren with him, and after some conversation, making the way as smooth as I could, I told him what I wanted; and he said that he had not any information about it. "Well," says I, "Mr. Sutton says you have; and if so, it is for your advantage to disclose it, because if you give the information and there is nothing in it against you more than what you say there is, why, the government would be induced to let you out for the sake of your information; that would be of far more importance than to keep you here; and I can present your case to individuals who have influence with the government, and who will see that the arrangement is carried out." He was a little cautious about what he said, and he wanted to know if it was necessary for anybody else to know about it. I told him that there was no necessity for any exposure; that he could make his statement before some public officer selected for that purpose; that there need be no trouble about it; that it was very easy to manage the details. Then he spoke of a house in Cedar street, and asked me whether it would be necessary for them to know about it. I told him, not at all.

Question. What house is this?

Answer. I cannot remember their names; it is a French house, correspondents of Gairy, and I know of them in connexion with this matter. I told him that it would not be necessary to tell them anything about it, and that no one need know anything about it except some one officer of the government who would be authorized to act. I told him furthermore, as an inducement to get what I wanted from him, that he could make some money out of it; that he could come in for a per-centage of the informer's share. Then he mentioned about his having told Sutton that he would give \$5,000 to be got out, and I told him that I did not want his money; all I wanted was this information; and it would be all right if he would deposit \$2,500 in some

bank, or with some good house here, that his correspondents would be satisfied with, and that I would be satisfied with, and would write to his correspondents instructing them to deposit this money, as a guarantee that he would do as he had agreed when he got away from there—that is, disclose all about this smuggling; that I did not want to get him away and then find that his information amounted to nothing. He said he would tell what he knew to one man; he did not want anybody else by; did not want it made public; and he asked me the question again if it would be necessary for any of his correspondents here to know it, or if they would probably find it out. I told him no; that he would be brought here for examination; that his case would be examined, and he would not necessarily have any intercourse with anybody except the government officer who would get the information from him. That seemed to satisfy him, and I came away with the understanding that he was to write to his correspondents here that night, or the next morning, to deposit this money; and after that was done, I intended to see Mr. Denison and make an effort to have him brought there. That is the history of my connexion with the matter.

By Mr. Le Blond :

Question. Did he deposit the money ?

Answer. He did not, that I ever knew of. His correspondents here said they had received a letter from him, but they did not exactly understand that they were to deposit the money. I had several interviews with them upon the subject, and they kept putting me off, and said they should hear from him in a day or two; that they had written him, and they were not authorized to do anything until they got positive orders. They intimated that they had received something, but it was not definite enough; and again they said that they had not received anything. They acted very strangely about it; and, finally, after experimenting ten days, and I don't know but two weeks, with this French house, I made up my mind that they would not do anything; and unless we had some guarantee that this man would give us the information we wanted, the government would make no efforts to bring him on here. So I gave it up. The next thing I heard after this, Mr. Hanscom called upon me and told me that there had been a complaint made at Washington by somebody, charging complicity between us to get money out of a prisoner in Fort Warren. He seemed to feel quite indignant about it, and said: "To-morrow I am going to make a report, as I have got to explain the thing;" and the next day he told me that he had reported substantially in accordance with the facts as I have stated them now, as far as he knew. He stated the several conversations he had with me about this plan of smuggling, and he went on to explain all he knew about it, (of course he did not know what I said to Mr. Gairy;) signed his statement, folded it, and put it in an envelope, and directed it to the War Department. Mr. Barney came in to look at it; read it over; took his pen and wrote on the bottom: "This has been done without my knowledge or consent. Hiram Barney." And it was then sealed up and sent on to Washington. I heard no more about it until six or eight weeks after, the 19th of February, when I had a note from Mr. Bolles requesting me to come to his office. In this note Mr. Bolles very pleasantly stated that he wanted to ask me something about the Gairy matter. I went up there at his request, and went into his private room. I told him that I would give him all the information I had about it in short order; and I told him, as near as I can recollect, in substance what I have now told you. I alluded to having received this letter from Montreal, and he asked me if I had that letter with me. I told him, "Yes;" and he asked me if I would allow him to see it. I handed it to him, and he said, "I want to keep this until I see you again. I am not very well now, and I want to see you again." He put the letter in his pocket, and I came out.

By the chairman :

Question. What were the contents of that letter, as near as you can recollect?

Answer. The letter was simply a friendly letter from Lyman Mills, dated at Montreal, (the date I have forgotten,) and it read something like this : " Why don't the government of the United States look out for their revenues ? To my knowledge, some \$600,000 worth of French merinos have been smuggled across the frontier within the last week or ten days. But I suppose," he says, " that the government is so absorbed in its vast military operations that it has not time to look after smugglers." This note must have been received the latter part of July or the fore part of August, about the time I went to Boston. I do not remember the time exactly.

Answer. Did you ever show this letter, or a copy of it, or communicate its contents to any person connected with the revenue department here or at Washington ?

Answer. I showed it to Mr. Denison and Mr. Hanscom. I do not think I showed it to anybody else that had any connexion with the government. I did intend to show it to Mr. Barney, but I had become discouraged with regard to saying anything to him. I showed it, as soon as I received it, to Mr. Denison and Mr. Hanscom, and I wanted them to let Captain Perkins go to Canada in regard to this matter, as he knew everybody in Montreal, having lived there, and being a native of a British province, St. John's. His father was a large shipping merchant there, and he himself was pretty well known. I talked with Mr. Hanscom two or three times about it, and I think he told me that he had some conversation with Mr. Barney and Mr. Harrington in relation to it, but did not get any encouragement from him. I did not hear anything more about this matter until I was arrested three weeks ago to-day. I do not know the grounds upon which I was arrested, except by hearsay.

Question. Do you know whether anything was ever done by the revenue department with reference to the contents of that letter or the information contained in it ?

Answer. My impression is that there was nothing done in regard to it. There was an effort on the part of Messrs. Denison and Hanscom to do something, but they did not meet with any encouragement. I wish to correct myself. I stated that I did not show this letter or communicate its contents to any officer of the government but Mr. Denison and Mr. Hanscom. I did communicate the contents of that letter to Mr. Jordan. I showed the letter to him. The last thing Mr. Jordan said when he went away was, " You will have authority to act in these matters as quick as I get to Washington. I consider it a very important matter, and I will see that something is done that will be an inducement for you to follow this thing up." Mr. Denison afterwards told me that Mr. Jordan was overruled by somebody.

Question. By whom ?

Answer. I don't know ; he did not tell me, but I supposed it was Mr. Barney. I suppose they would not do anything here in relation to the revenue department without consulting the Secretary of the Treasury, and Mr. Barney would not allow me to do anything if he could help it.

Question. Why ?

Answer. I don't know the reason why, only it has appeared so from the start whenever I have made an effort to do anything.

By Mr. Le Blond :

Question. Who is Major Bolles ?

Answer. I understand that he is judge advocate on General Dix's staff, a lawyer by profession, and a late partner and intimate personal friend of H. B. Stanton. He is a brother-in-law of General Dix, as I am informed.

Question. Was there any understanding between you and Mr. Gairy, either

directly or indirectly, that you were to get him out of Fort Warren for a money consideration alone?

Answer. There was not one solitary word upon that subject between us.

Question. Are we to understand, then, that the only consideration for his release was to be based upon his disclosure of facts which would lead to the discovery of this smuggling business?

Answer. That was all the inducement there was.

Question. You say you do not know the ground of the charges upon which you were arrested?

Answer. No, sir, except by hearsay. A friend of mine says that General Dix says that my getting into Fort Warren was all right because I had permission to go there, but I had no business to talk with a prisoner about money; and I hear, in addition to that, that some of them had accused me of claiming to be an official of the government. I distinctly told Mr. Gairy and the collector and deputy that I had no connexion with the government now, and had not for over twelve months, although I had in my pocket a commission as deputy marshal under Marshal Murray which had never been revoked. I told them that I did not consider myself in the service of the government since I had resigned my place under Mr. Chase, and I had no connexion with it pro or con. I told the correspondents of Mr. Gairy in Cedar street so, and I told the custom-house people in Boston the same.

Question. Where have you been since your arrest?

Answer. At the police headquarters, in one of the dark rooms there.

Testimony of Henry A. Cargill.

NEW YORK, *March 22, 1864.*

Henry A. Cargill sworn and examined.

By the chairman:

Question. Do you reside in New York?

Answer. Yes, sir.

Question. Have you been in the employ of the custom-house?

Answer. Yes, sir.

Question. In what capacity?

Answer. As deputy collector.

Question. Of what bureau?

Answer. I was in the seizure bureau probably a little more than a year.

Question. When did your connexion with the custom-house cease?

Answer. In August, 1861.

Question. Did you resign?

Answer. Yes, sir; I sent in my resignation soon after Mr. Barney was appointed; he asked me to hold on, and I staid there for some three or four months.

Question. A note has been sent to the committee stating, as I read it, that you knew something about the furnishing of books and blanks to C. C. Walden, reported to be a confederate agent?

Answer. I have heard of it, but I do not know anything personally of it myself; Mr. Albert Phillips is the one that told me; I heard him speak about it, stating that Mr. Lobdell had done so.

Question. Who is Mr. Lobdell?

Answer. He is in the custom-house as superintendent of warehouses.

Question. And it is stated that he furnished them?

Answer. Yes, sir; Mr. Walden wrote on from Savannah, as I understand. The matter has been brought before Mr. Barney; all that I ever knew about it was from Mr. Phillips, who told me that Mr. Barney had heard about it and had questioned him in regard to it. There is another man who knows more about it to-day than Mr. Phillips. He used to be a porter there.

Question. Did you know while you were in the custom-house of any abuses, improprieties, or frauds that this committee should look after?

Answer. I don't know that there was any fraud. I simply know that the entry clerks were in the habit of taking extra perquisites, because they worked after hours. That they considered a legitimate business. We had not entry clerks enough to do the business, and they would take papers home with them at night. I have no doubt that many of them would make 1,500 to 2,000 dollars a year by it.

By Mr. Le Blond :

Question. Is that system still carried on?

Answer. I have not a doubt of it; I have no knowledge of it.

Testimony of Hamilton Pride.

MARCH 1, 1864.

A. Hamilton Pride sworn and examined.

By the chairman :

Question. What is your occupation?

Answer. I am in the express business.

Question. Have you any connexion with the New York custom-house?

Answer. No, sir.

Question. Do you know anything about its workings?

Answer. Very little.

Question. Do you know anything of seizures under the direction of the naval officer by Messrs. Isaacs, Graham and others?

Answer. I know of none whatever.

Question. Do you know anything about the seizure of papers by them?

Answer. My father, who was a custom-house broker, died about two years ago; he had quite a large business. When he died I associated with myself Mr. Centan, to carry on the business, so as to retain the business if possible, I retaining my situation at the Express Co. For a time the business went on very well. One day the officers went into the office and, there they seized a lot of papers, as they said, and Mr. Pride's books. That is all I know about it. Mr. Centan was arrested, and discharged on the third or fourth day after.

Question. How long since was this?

Answer. That was about a month after we went into business together; it was nearly two years ago; it was only about a month after father died.

Question. Do you know anything about what these papers were?

Answer. I understood that they were invoices taken from the custom-house as references—that's all; instead of one invoice being given, the clerk had given the whole bundle; I know no more about it than that.

Question. The committee were informed that within ten days you had said to a gentleman that you had information you could give, and were inclined to give it to the committee, on the subject of their investigations?

Answer. I have never had any such conversation with anybody; Mr. Isaacs and Mr. Denison are the only men I have conversed with upon this matter. I met Mr. Isaacs at dinner, and Mr. Isaacs was talking about Mr. Centan; I said it was a shame that Mr. Centan had not a situation as promised by the custom-house authorities on his giving the information he had. I went to see Mr. Denison to get the books of Mr. Pride, because I wished them as references in my express business; I told him that any time he wanted the books I would give him bonds that they would be produced, or he might put them where I could get at them; but he refused to let me have them; that is all the conversation I have had with any one in the custom-house.

Question. How long were you and Mr. Centan in this brokerage business?

Answer. Not over a month; in the mean time I was not in the office once a week.

Question. Did you have anything to do yourself with the brokerage business?

Answer. It was all left to Mr. Centan.

Question. You were simply a business partner?

Answer. He had the use of my name to get customers to build up the business if he could; unfortunately it turned out the other way; I had nothing to do with the routine of the business; I knew nothing about passing entries.

By Mr. Rollins :

Question. Was anything said in this conversation with Mr. Isaacs about your appearing before the committee?

Answer. Yes, sir; I said I supposed the committee would, if they came to New York, bring up Centan, and if they did, they would bring me up also from my being associated with him; I told him that I knew nothing about it.

By the chairman :

Question. Did you know anything about custom-house operations while you and he were together?

Answer. No, sir.

Question. What broke up the business?

Answer. This arrest.

Question. Why was he arrested?

Answer. That I don't know; only they say that he had been doing something which he should not have done.

Question. Were these custom-house papers brought in there and deposited in the desk or cupboard without any knowledge on your part?

Answer. Yes, sir; I don't know anything about that; when my father died I took what few effects he had there from the office, and I knew of nothing there except his desks and chairs.

Question. Had Mr. Centan any experience in this business before?

Answer. He had been a custom-house broker for several years; I had heard him spoken of very highly at different times; I knew he was not doing a great deal, and I knew my father had a good class of customers, and I associated myself with him to retain the business if possible.

Question. You have no personal knowledge of what this seizure of books and papers in your room was made for?

Answer. I don't know why they seized those books. I have looked them over in the custom-house from time to time when I have had inquiries to make preparatory to sending west by express, and I could not tell whether there was anything wrong in them, or whether there was not; I suppose an entry made to-day shows for itself. These are nothing but copies of entries that passed through the custom-house; I don't know why they kept the books there; I have asked them of Mr. Denison.

By Mr. Le Blond :

Question. Has he got them yet?

Answer. Yes, sir; Mr. Pride used to make out his entries and keep in his books fac similes of them, headings and all. His entries would be deposited in the custom-house, and his customers would come down to know how far the entries were advanced, and he would turn to the entry book, and it would show for itself.

By Mr. Rollins :

Question. Were any of these entries and books returned to you?

Answer. No, sir; Mr. Denison has them in charge now.

Question. Did your firm of Pride & Centan pay anything on account of the abstraction of these papers from the custom-house? Were you punished in any way by being required to pay money?

Answer. We never abstracted any papers.

Question. The papers were found in your possession?

Answer. Mr. Centan says he does not know how they came there. I did not know anything about it until I was asked by the custom-house authorities about it.

Question. How did you settle the matter with the party seizing them?

Answer. I had nothing to do with it.

Question. How did your firm?

Answer. Mr. Denison and Mr. Centan settled it between them.

Question. How?

Answer. I don't know.

By the chairman:

Question. Has not Mr. Centan ever told you how it was settled?

Answer. I know that Mr. Centan underwent an examination before the custom-house authorities, but I don't know anything at all about what was said or done.

Question. You don't know whether he ever paid anything at all?

Answer. No, sir.

Question. Do you know whether he paid anything to obtain those papers, or any part of them, from the custom-house?

Answer. Mr. Centan never got those papers; the papers were not returned from the custom-house.

Question. I understand that a portion of the papers which were seized in that office were papers originally on file in the custom-house—invoices and the like. The object of my inquiry is to know whether Mr. Centan, or any other person, to your knowledge, paid anything to obtain these papers at the custom-house originally.

Answer. I don't know anything at all about that. I understood at the time that that was the reason or the basis upon which this arrest was made—that these papers belonged to the custom-house.

Question. Do you know how they came from the custom-house authorities?

Answer. No, sir; I don't know anything at all connected with the business. When Mr. Centan was arrested I was very much mortified, and, of course, ceased all connexion with him.

By Mr. Le Blond:

Question. In your conversation with Mr. Isaacs you said to him that when this committee came on, you supposed that they would have Mr. Centan before them, in consequence of the information that he had communicated to the custom-house authorities: what was that information that he gave to them?

Answer. I did not make such a remark as that. I said that the committee would probably bring me up before them on account of my connexion with Mr. Centan.

Testimony of Henry B. Stanton.

NEW YORK, March 21, 1864.

Henry B. Stanton sworn and examined.

By the chairman:

Question. When did your connexion with the custom-house commence?

Answer. It commenced the very last of August, 1861.

Question. What was the position occupied there by you?

Answer. I was deputy collector—and perhaps here I had better explain precisely the position I held. When I first entered the custom-house the position to which I was assigned was known as the law department. There was specially assigned to me then the consideration of many legal questions which arose in the custom-house. At a later date, from the period of my entrance, I had nominally the charge of the seizure department. At a later date still I had what might be called specific charge of that department, so far as the collector's office was concerned. I ceased to have charge of the seizure department, properly speaking, in May, 1863. Throughout the entire period in which I was in the custom-house, from, say, the last of August, 1861, until the last of October, 1863, I had a good deal to do with the receiving of bonds from parties. Those bonds, first and last, if classified, would number six or eight different classes. Pretty much all of them arose out of what I may call the exigencies of the war, either under special legislation of Congress, or under instructions from the Treasury Department. Besides all this, there was constantly referred to me a good deal of miscellaneous business by the collector.

Question. Perhaps you had better go on, Mr. Stanton, and tell us about the working of the bond bureau.

Answer. I have already indicated that, among other duties which I was charged with the performance of, there was a good deal to do in respect to the taking of bonds, and, if I understand this inquiry, and the testimony which has gone in heretofore, (and all that I know about it are some natural inferences from facts which I do know,) I suppose you desire me to make a statement in regard to the taking of bonds on shipments of goods where there might be danger of their ultimately reaching the rebels. I will, therefore, with the permission of the committee, give a sketch of that system, which I think I understand, and its rise in the New York custom-house: The general system of taking bonds in the New York custom-house upon shipments of merchandise to ports where there might be danger, more or less, of their being subsequently used in some way to aid the rebellion, commenced near the close of May, 1862. These bonds were exacted under written instructions from the Secretary of the Treasury, dated May 23, 1862. The instructions were in these words, viz:

“In all cases where, in your judgment, there is ground for apprehension that any goods, wares, or merchandise shipped at your port will be used in any way for the aid of the insurgents or the insurrection, you will require substantial security to be given that such goods, wares, or merchandise shall not be transported to any place under insurrectionary control, and shall not in any way be used to give aid or comfort to such insurgents.”

These instructions, as I have said, were dated May 23, 1862, and were addressed by the Secretary of the Treasury to the collector of the port of New York. No copy of the law, if there were any, under which the instructions were issued, was, so far as I know, furnished with the instructions; and I am confident that no copy of the law under which they were supposed to have been issued was, within my knowledge, received at the custom-house until about the last of August, 1862. That the Secretary of the Treasury recognized these specific instructions as the authority for the collector to require what he called substantial security is proved by this fact: that as late as the summer of 1863, in a correspondence with the Secretary of State, and which ultimately reached the New York custom-house, the collector was instructed to insert an amendment in those instructions, and there never was an intimation that the bonds were to be required under any other authority than those written instructions. The business of taking this class of bonds was assigned to me. It somewhat naturally fell in that direction from the fact, as will be shown in my answer to the first question, that other bonds had been taken under my supervision. At the outset, that is in May, 1862, a draft of a bond was drawn by me and submitted to the collector. I believe he suggested some alterations, and after consultation and revision a form was adopted, which was approved by him, and a

copy was soon after forwarded to the Secretary of the Treasury. It was either forwarded very soon after or within a short period. At this time, and for a few months afterwards, the office was not aware—certainly I was not—of the provisions of the law under which the bonds were to be required, and it was deemed proper by the collector on consultation, as well as by myself, that as a general rule the several shippers of merchandise should, in their respective cases, be the principal obligors in these bonds. It was regarded that there was nothing in the instructions that led to the belief that any other course was to be pursued, while they very clearly implied that the shippers themselves were in their own cases individually to give what is called the “substantial security.” It will be noted that no specific ports are mentioned in the treasury instructions, nor is the word “bond” used in them, nor the word “surety.” The words are, “you will take substantial security.”

Immediately on receiving these instructions, the collector began to require bonds on all shipments of merchandise to the two ports of Nassau and Matamoras. I say all, though there may have been an occasional exception. It will not be improper for me to say here, that I always deemed this not a strict compliance with either the letter or the spirit of the instructions. The instructions only authorize security to be given where there was ground for apprehension that the merchandise would be used for the aid of the insurgents. In many of the shipments to the two ports of Nassau and Matamoras, during the period I remained in the custom-house, I think there was really no good grounds for this apprehension. On the contrary, in many of the cases I am sure parties were dealing with legitimate customers in the most perfectly legitimate manner. But to distinguish between the cases, where there was and where there was not ground for this apprehension, sometimes required a good deal of inquiry, involving time and labor, and with the clerical force at its disposal, the department of the custom-house whose duty it was to decide these cases, could not perform it without causing vexatious delays to shippers, and therefore it was determined, as a general rule, to require bonds on all shipments to the two ports named; and this course, I believe, was continued down to the time I ceased to officiate in the custom-house, which was October 28, 1863; and I believe it has been continued ever since, though upon that point I speak, of course, with doubt. I will add here, that bonds from the outset of the period I have mentioned, that is, May, 1862, were now and then required on shipments or portions of shipments to Havana, and now and then to some other port; and some time in the summer of 1863 (the period I cannot exactly fix) Bermuda was placed upon the same category as Nassau and Matamoras, and bonds on all shipments to that port were required.

That this matter may be fully understood, I ought to say that from the outset, in May, 1862, down to October, 1863, I never had anything to do with the question of deciding upon what shipments bonds should be required. The matter belonged exclusively to another department, called the “clearance department.” The decision of that question, in all its bearings and relations, was decided by that department and not by myself, and this was done preliminary to any action in my department. The mode of doing the business may be substantially stated thus: shippers of merchandise, in the regular course of procedure, presented their manifests or invoices of merchandise to the officer in charge of the clearance department. He examined them, and—subject to the collector, of course—passed upon the question whether they should be allowed to clear the goods at all, and also whether they should be allowed to do this upon giving bonds or without giving bonds; whether they should give bonds on the whole merchandise embraced in the manifest or on only a part of it; and if so, upon what part. It was for the clearance department, and not for me, to decide whether such and such merchandise should be shipped on such and such vessels to such and such ports by such and such persons, and upon what terms,

if any, so far as the giving of bonds was concerned. My department had nothing whatever to do with these subjects. After the clearance department had passed upon these questions, then, if the shippers were allowed to ship their merchandise in whole or in part, the head of the clearance department, if he decided that bonds were to be required for the whole or a portion of the shipments, noted that fact on the manifests, usually in these words: "bond required," appending to the words his initials. The manifests thus indorsed were then brought to my department, not for its revision on the questions already passed upon by the other department, but simply to take what is called in the instructions the "substantial security." Then, and then only, the authority and the responsibility of my department commenced. Its duties lay within a very narrow range.

Under the instructions, the duty of my department was merely to require a "substantial security;" nevertheless, from the very constant appeals to the collector and from the constant efforts made to modify the instructions in some way, matters did occasionally come up there in respect to some relaxation of the rules in regard to the nature of the security. I wish it borne in mind that the taking of these bonds was only one branch of the business devolved upon my department, and at the outset and for a considerable period, it was the smallest branch. At the time this was devolved upon my department, (I now speak of May, 1862.) I then, and for a few months thereafter, had, under the supervision of the collector, the general charge of the seizure bureau, so far as it related to the collector's department. I also had to conduct a good deal of correspondence with the Treasury Department, and also with the department of the United States district attorney and the United States marshal's department, in this district. My clerical force was very small. In another investigation before the Solicitor (Mr. Jordan) it has been stated, by one competent to judge, that, in proportion to the amount of business done, my clerical force was much smaller than that of any other department in the custom-house. I neither had time, (I speak of myself personally,) nor was it my duty, to look over the manifests in these cases further than to see what the amounts were, so as to fix the amounts in the bonds, and this usually required but a very few moments, scarcely a moment, because the sum totals were almost invariably noted on the manifests. The bonds were printed in blank, and the filling up was very little, and it was almost invariably done by my clerks in the outer room of my office, and seldom by me, and I think never by me except some person accidentally happened to come into my room instead of going to a clerk's desk, or when there was a very extraordinary pressure of business, so that I took hold myself and performed mere clerical labor.

As a general rule, when the bonds had been filled up in this outer room, signed by the parties, and everything completed in regard to them, then they came to my room for the purpose of acknowledging the bonds, and for the purpose of justifying in regard to the sufficiency of the sureties; and here it may be pertinent for me to explain, that if the goods shipped in any case were of a different character, or were greater in quantity or value than what was stated in the manifest, I had no means whatever of detecting it. I was limited, and necessarily so, to the facts stated in the manifest. For example: if in a given case the manifest should set forth five hundred barrels of flour when there were a thousand actually shipped, or it stated that the goods shipped were groceries, and worth \$5,000, when they were in fact contraband of war, and were worth \$20,000, I had no means of detecting it, (it was not within the purview of my duties,) nor had I any possible way of doing it. And here I ought to add, as I have made that statement, that I know of no such case, and never had any reason to suspect any such case.

Question. You state that you had no means of knowing; is there no check; is it not somebody's duty to know that fact; if so, whose was it?

Answer. Primarily it was the duty of what is called the clearance department. They were to examine the manifests; they keep the run of all the shipments. Then, next, it was the duty (of course, subject to the collector and naval officer) of the surveyor's department to see whether the goods shipped corresponded with the manifest. Allow me to restate this. A gentleman appears at the clearance bureau to ship goods, and he produces a manifest. It was the duty of the clearance bureau to see that the goods in the manifest were proper to be shipped to Nassau or Matamoras, for instance.

Question. What are the implements or means that the department or the government furnish to enable that man to know that the manifests and the goods correspond?

Answer. He had—I speak now pretty broadly—none at all. He could look over the manifest to see if the goods there which were about to be shipped were proper goods to go, and he had the facilities, and it was his duty to compare the goods set forth in the manifest with the Treasury instructions upon this point. The Treasury instructions had set forth very largely a series of articles which were regarded as contraband of war, and not to be shipped. I have the utmost confidence, I wish to say, in the integrity with which the head of that bureau (Mr. Embree) discharged his duties.

Question. Will you tell us how can he compare it with the instructions of the Treasury Department?

Answer. Then, after the bond is given, which was a secondary affair, (for, mind you, they could not begin to clear their goods without the check of the clearance bureau,) it had to pass, after he had checked the manifest, and the bond had been given to the naval department, who held a peremptory check over the collector's office. Whatever the collector might pass by his deputies was subject to revision, and could never pass without the permission of the naval officer.

Now, I will reach your point, I think. All these respective shippers' manifests were subsequently copied upon a manifest of the entire vessel. Then, the duty of ascertaining whether the goods set forth in the manifest of the vessel as a whole, or (if they had opportunity) of the respective individual shippers' manifests, devolved upon what I might call the out-door force, and that was, I believe, under the general supervision of the surveyor.

I have stated this course of business, so far as my department is concerned, for the purpose of showing that it was not within my power to detect contraband shipments of merchandise on these manifests, if any, nor detect the false representations of the shipper in regard to quality and quantity, if any; nor had my department the facilities for ascertaining what persons or what vessels, if any, were liable to the suspicion of being engaged, directly or indirectly, in illicit trade, or in trying to defraud the government by false manifests. And here I repeat again, that I know no such case, nor in the course of business did I ever suspect any. I had to rely upon the facts as they appeared in the manifest. That I should have looked more carefully into this matter, not exactly as an official duty, but for prudential reasons, is undoubtedly true, provided I had had more clerical force at my disposal. During nearly the whole time I was in the custom-house, and especially in the last nine months, my force was hardly sufficient to get through with the regular business assigned to it, and very many days it was next to impossible to do it; and this fact was more than once brought home to the notice of my official superiors. The form of the bonds taken, the usual exactions in regard to what was treated as substantial security, the terms on which bonds were subsequently cancelled, and all matters of this sort, were well understood by the collector, naval officer, and the Treasury Department.

From May, 1862, onward to October, 1863, during which I acted upon this subject, large numbers of these bonds were from time to time examined by the

collector, and transcripts of them and facts in regard to them were sent to the Treasury Department. They were sometimes inspected by the naval officer, and the whole subject was a matter of frequent correspondence between the custom-house and the Treasury Department. All the forms used, all the general matters relating to the number or sufficiency of the obligors and the usual conditions of cancellation, were directly and impliedly sanctioned by the collector and other principal officers in the custom-house and by the Treasury Department. If you think it necessary, I could cite a great many facts in illustration of this general proposition. The difficulty of enforcing these instructions was very great, and required the utmost vigilance and the utmost sternness. The object of the custom-house authorities being to prohibit trade with the rebels, the conditions of the bonds were made as stringent as the letter and the spirit of the Treasury instructions would allow. Complaints by shippers were being made on the subject to the collector, the Secretary of State, the Secretary of the Treasury, and the foreign consuls of this port, more especially the British, and to the British minister, and much correspondence, and I may say, a continued stream of correspondence, was kept up upon this subject. My department was constantly under the censure of shippers and their counsel because of the stringency of the rules adopted in regard to these bonds. Lawyers were even present when bonds were being exacted, who insisted that the whole system was contrary to international law and treaties with foreign powers. Shippers were incessantly insisting that their particular trade was legitimate, and did not come within the letter or spirit of the instructions of the Treasury Department, and an incessant effort was made to induce the belief that such and such things were exceptions to the class of cases mentioned in the Treasury instructions. Parties were constantly arguing to induce the office to reduce the number or the pecuniary ability of the sureties in particular cases, even presenting proof, or offering to present proof, that the shipments then under consideration did not fall within the exactions of these instructions. They also repeatedly assured the office that no such bonds were exacted at other ports, and therefore it was oppressive in New York officials to exact them. Many of the shippers were British subjects, and a large share of the vessels, and especially for the last year I was in the custom-house, employed in this kind of trade of which I am speaking carried the British flag. Much of the trade was with British ports. A good deal of the merchandise shipped from this port was in bond under the warehouse system, it never having been entered at New York by these British owners. A correspondence between the British minister at Washington and our Secretary of State was known to be constantly going on in respect to all the subjects involved. Copies of the communications of British shippers, and despatches of the British minister, and letters of the British consul, and protests and remonstrances from the officials and merchants of these British ports, filled with complaints of the stringent and onerous exactions of the custom-house in the matter of requiring bonds, and also the refusal to cancel them upon certain proofs, which they claimed to be sufficient, were from time to time forwarded to the collector by the Treasury Department, with instructions to report thereon, and to make necessary explanations. In truth, I may say that my department felt that it was constantly under censure because of the stringent manner in which it endeavored to execute the instructions of the Treasury Department upon these subjects. It may not be amiss to say in regard to myself personally, that while I endeavored to do my duty in the premises, I also tried to perform it so as not to be too oppressive to shippers, and give any needless cause for objections by complaining parties; and in the critical condition of our foreign relations I was specially solicitous so to act as not to embarrass our international relations, nor provoke collisions with foreign powers; and it would be too much to say that these considerations did not sometimes operate in some degree to modify the stringency of the rules under which this business was

done. In pursuing this course, I cannot be mistaken in saying that my conduct was in accordance with the wishes of my official superiors.

The entire system of taking these bonds was new. There was no precedent for it in the custom-house. The only bureau which furnished anything approaching to precedents was the warehouse department, and in that department the custom was to take the same sureties upon large numbers of bonds, nor were the obligors usually required by the warehouse department to justify as to their pecuniary responsibility. In the matter of accepting the same sureties upon successive bonds of the class of which I have particularly spoken, my department followed the warehouse precedent only to a limited extent, and my department always required obligors to justify, either in the form of an affidavit reduced to writing, signed by them and attached to the bond, or by an oral examination under oath. As to taking the same sureties on successive bonds, this was only done in cases where the office had no reason for suspecting that the importations were intended to reach the rebels, or where the shippers were in the habit, after a reasonable time, of producing a consul's certificate from the port of destination, or where they furnished some good reason for not producing such certificate. It was the custom, after a limited number of shipments had been made by the same parties furnishing the same sureties, if their bonds had not been cancelled, to require them upon subsequent shipments to furnish other and additional sureties. I have already stated that parties on these bonds were required to justify under oath as one of the modes—that is, by an affidavit formally reduced to writing, or an examination orally under oath. Doubtless the aggregate amount of these bonds was in some instances greater than the amount the sureties were worth. The question naturally arises, Why these men were received as sureties? For example, a person who was worth \$25,000 might appear on four bonds, the aggregate of which was \$100,000. I know no such case; I only assume that it might be. The real mode of doing business in this regard, which is a very important one, was this: When, for instance, a party presented himself as surety upon the fourth bond, amounting, say, to \$25,000, if he then knew that the merchandise covered by the three previous bonds had been or would be so disposed of as not to violate their conditions, and therefore his liability therefor was really at an end, he could make oath that he was worth \$25,000 over and above all debts and liabilities. Sureties often made this explanation under oath. The whole matter was explained to them. They knew the facts, or claimed to know them all. I knew nothing about the facts. I often cautioned them upon this point, and they swore understandingly; and not knowing anything of the course of trade, or any facts tending to arouse suspicion respecting the statements of the parties, I did not feel at liberty to hesitate taking them as sureties. I may here add, as I have barely touched upon it, that in regard to all these parties, throughout the entire time I was in charge of this business, I knew nothing in regard to the trade of any of these parties except what appeared upon their manifests. I was doing business with scores, and I may say hundreds of them, sometimes fifty and more a day, and usually when much pressed for time.

I will state further in regard to sureties upon these bonds. The treasury instructions said nothing about sureties, but spoke only of "substantial surety," and this was held to embrace all the obligors; and if principals and sureties, or even, as in some cases, the principal himself, appeared to be worth the amount of the bonds, this was deemed a compliance with the instructions. There were a very few bonds taken under exceptional circumstances where I think no surety was exacted. It is within my recollection now that the firm of Spofford & Tileston shipped coal to New Orleans for the use of their own steamers. There was not a shadow of doubt about the entire good faith of the transaction. The firm of Spofford & Tileston, and the individual members, Mr. Spofford and Mr. Tileston, were known to be very wealthy. Their wealth

was reputed to be, and unquestionably was, to say the least, hundreds of thousands of dollars. I now recollect that Mr. Tileston himself, in one of these cases on a bond—whose amount I cannot specify, but say \$10,000—given on a shipment of coal of the firm for the use of their steamers, to be landed at New Orleans, did himself individually sign the bond; and yet the instructions did not require sureties, strictly so speaking. No one will question that Thomas Tileston was, in the language of these instructions, most substantial security. I suppose he was worth half a million of dollars. There were a few other cases of this sort. But, as I have said, the construction of the office was, that we could take into view the responsibility of both principals and sureties in arriving at the fact whether we had taken “substantial security.” This mode of doing the business was known, I believe, or must have been known, to my official superiors.

It was also the case in regard to manifests, that the clearance bureau sometimes only exacted a bond in regard to a portion of the shipment, indicating upon the manifest what portion. Then the bond, of course, was only taken for that portion, because it was not deemed in regard to the rest of the manifest that it came within the scope of the Treasury instructions. It is also true that in an occasional case, though very rarely, where there was really no ground for apprehension, we took a bond, after consultation and advisement, upon a less sum than the amount stated in the manifest, and perhaps where we might doubt whether the obligors were worth the whole amount of the manifest. This, I repeat, was in cases where, from our knowledge of the parties or the character of the goods or their destination, we felt that there was no ground for apprehension; and I took the bond in such cases lest our refusal to take it should be cited against us as a precedent in cases where we were not so clear. I remember that these exceptional cases were very few indeed, and they were cases, in my judgment, where there was not the slightest doubt about the safety of thus doing the business. I am not aware of any case, which was thought to come within the purview of the instructions, in which a bond was taken by me where the whole amount to which all the parties justified was not ample, and where there was any ground for apprehension that the goods might be improperly disposed of. Certainly no such bond was knowingly taken by me. The parties used to swear, and individually as a general rule, that they were worth the amount stated in the bond over and above all debts and liabilities; and when a party thus swore, and I knew no facts to the contrary, and had no suspicion that they were not swearing truly, of course I did not feel at liberty to question their statements.

There was another habit pursued, which was in regard to parties who were doing a regular business with such and such ports. I always swore them as to their sufficiency, but did not always do it in the form of an affidavit reduced to writing. That sometimes arose from the hurry of business where it was impossible to do it. It more often arose from the fact that I knew that the parties only a little while before had by an affidavit sworn to their property, and which was often far beyond the amount contained in the bond; and it arose, too, partly from this fact that I often found an oral examination under oath quite as satisfactory to my mind as a more formal affidavit, because it gave me an opportunity where a party swore, for instance, that he was worth \$20,000, to inquire into the facts—what his property consisted in, and matters of like character.

Question You stated that your instructions from the Treasury Department were of a late date, and that a copy of the law upon which this matter was predicated was not furnished you until September: was there any variation in the Secretary's instructions betwixt the first and the copy of the law that you received, that you recollect of?

Answer. I do not recollect of any, and I am very confident that no such in-

structions ever came; and from the manner in which business was done, I am pretty confident that no such varied instructions were received.

Question. Do you recollect whether there was any change required in the form of the bond required of shippers betwixt May and September?

Answer. There were changes in the form of the bonds after those instructions were received. I am not able to say now, without an examination further, that there were changes between May and September. The object of those changes, whenever made, was, while keeping within the letter and spirit of the instructions, to make the bonds more stringent. Some of these additions were suggested by the collector himself, and subsequently some of these provisions were modified because we had doubts whether they were authorized—whether we were not pressing some of these conditions in the bonds beyond what could be sustained by international law or Treasury instructions. There were several alterations made, I will state here, in these bonds, and always, I believe, going to make them more stringent. Some faults were found with them, and after a good deal of annoyance and a great deal of correspondence by other parties with the Secretary of the Treasury and the Secretary of State, and after the Secretary of the Treasury last summer had amended the instructions of May, 1862, the office, in order to avoid all questions of difficulty, copied into the bond, as it was then made, the amended instructions *verbatim*. I would state that the bonds at the outset, or very near the outset, required the parties to land the goods at the port of destination, and enter them for consumption at that port, and I think under some modification, and that, I know, was suggested by the collector himself, that they should be entered at the port of destination, and be devoted to domestic use at that port or country; and after great consideration I think we all arrived at the conclusion that we had no such right under international law and treaty. And here, if you will allow me, I may say in this connexion, so much discussion arose among the counsel of shippers—and it came to my knowledge that some of the ablest counsel in the city of New York, as I was informed, and I had no reason to doubt it, had given the opinion that, in respect to the shipper from the city of New York to the port of Nassau, for instance, that we could not bind that shipper beyond the landing of the goods at Nassau, and there, so to speak, washing his hands of them—that I think some modifications were suggested in the bond with reference to that state of things. The collector took that position, and when the question was raised in regard to the propriety and feasibility of putting some of these bonds in suit, I examined the question, and I confess that, with all my desire to be as stringent as possible, I could not but concur in the opinion that the government could not follow the goods beyond the port of destination, so far as it respected the shipper from the port of New York, if at the port of destination that shipper washed his hands of the transaction.

Question. Who prescribed the formula requisite for the cancellation of these bonds?

Answer. Following the analogy of the warehouse department, and which was the only precedent we had for doing any of this business, there was inserted at the outset in the bonds that the party shipping should, in due time, produce to the collector proof satisfactory to him, by "consular certificate or otherwise," that the goods had been landed at the port of destination. I cannot be mistaken in saying, that at the outset it was not contemplated that the bonds should be cancelled at all, because, under the Treasury instructions, we were to take this substantial security that these goods should not be transported to any place under insurrectionary control, and should not be used in any way to give aid or comfort to insurgents. The ground I took when the question was raised was, that that condition could not be satisfied by a mere consular certificate stating that the goods had been landed, and, therefore, that it was not contemplated, strictly speaking, that the bond was to be cancelled; but after this business had

gone on, say some two or three months, some shippers here produced to the office certificates from the American consul at Nassau to the effect that the goods had been landed at Nassau, and had been duly entered at Nassau, and that, in the opinion of the consul, they were not to be used in any way to give aid and comfort to the rebels. I do not state the terms of the certificate literally, but substantially. Parties then brought those consular certificates to the office, and desired that their bonds should be cancelled. They naturally did this because in the warehouse department, under the practice of years, bonds had been cancelled on furnishing what was called a landing certificate. The office refused to cancel those bonds to Nassau on that consular certificate. A correspondence arose on the subject between the custom-house and the Treasury Department, I should think about the month of August, 1862, but precisely how the correspondence was initiated I do not know—that is, I do not recollect whether these parties had written to the Secretary, and he wrote to the custom-house, and, in the usual way, required a report, or whether, at the request of the parties, a correspondence began at the custom-house directly with the Treasury Department. At all events, about the period I have mentioned, we received instructions from the Treasury Department to cancel bonds on the production of such a certificate, and that practice was followed thereafter. I now speak particularly of Nassau. The same general rule was adopted in regard to shipments to Matamoras, the office being in the habit of taking bonds to Matamoras. So that, strictly speaking, the form was not prescribed either here or at Washington, but arose under the circumstances mentioned. And here I may say further upon this subject, the terms in the bonds were, that parties shall produce satisfactory proof to the collector, by consular certificate or otherwise, that such and such things have been done. Cases arose where, for good reasons, parties failed to get a consular certificate; sometimes they failed because they did not apply for one, and sometimes because they did not know that bonds would be cancelled on the faith of such certificates; and there were many cases where parties had shipped goods to one or other of these ports, and all the parties connected with the transactions, so far as New York was concerned, were here, and not there, and in those cases, or in some of them, by the direct or implied instructions of the Treasury Department, or the sanction of the office, parties resorted to that clause of the bond which says that this proof may be by “consular certificate or otherwise,” and they produced the proof here, satisfactory in some cases, to cancel those bonds, and in some other cases they applied to the Treasury Department. The Treasury Department then called upon us to take proof from the parties, and forward that proof to Washington, and, when that was done, the department at Washington authorized the bonds to be cancelled.

Question. Please indicate to the committee what was the mode of cancelling bonds, by the consular certificate and otherwise, as adopted or practiced at the custom-house.

Answer. First, in regard to the consular certificate, when a certificate was received which was deemed to come within the scope of the Treasury instructions, the certificate was attached to the bond, and, in accordance with these instructions, a memorandum was made across the face of the bond or its margin somewhat in these words: “Cancelled by virtue of the annexed certificate;” then giving the date, and it was then signed by me. The Treasury letter authorizing the office to thus cancel bonds declared that we might write the word “cancelled” across the face of the bond. Now, in regard to other proof, generally, I may say that no such proof was received, and no resort was had to that part of the bond, unless parties gave some good reason why they had not got a sufficient consular certificate, or failed to obtain any certificate at all. It was sometimes the case that a certificate did not seem to be quite sufficient. The port of destination might be, and often was, where those defects arose, Mata-

moras, which we all know is very distant. In most of these cases all interest of the parties in the shipment seemed to have ceased, and, as they often said, they had nobody at Matamoras to attend to this business. The nature of the proof in cases of a defective certificate, or no certificate, was in the form of affidavits reduced to writing; and here I may say that sometimes a defective certificate was helped out by affidavits. These affidavits came from parties who were presumed to be acquainted with the transactions, and in all cases were, at least some of them, from men whom we knew.

One reason for taking that proof, and which in most cases was deemed quite as satisfactory as a naked consular certificate, was this: In the form of the certificates from Nassau, which served somewhat as a model, it appeared that the consul gave the certificate on the faith of the oath of the consignee or the owner of the goods at that port. It stated distinctly that the party, whatever relations he stood in to the goods, had made affidavit that the goods were not to be used in aid of the rebellion. Hence, when we came to take the same sort of proof here from a corresponding class of parties, I have no doubt that we took more proof, from what I had heard of the mode of doing business at the consulate, than was taken there, and we had more opportunities to be satisfied in regard to the proof, and therefore we felt that as the Treasury Department had directed that a naked consular certificate, based on the oath of a party there, should cancel the bond, the office very naturally felt that on the faith of like proof taken here, and under its own eye, it might do the same thing; and when these affidavits were taken, if they were taken here at this office, they were attached to the bond, and then the bond was cancelled by an indorsement thereon. In regard to the proof which was sent to Washington, affidavits were forwarded, and the consular certificate, if it were defective, and if there were any at all, was also forwarded, and either a copy of the bond or a statement of some of its binding clauses. And when we received the instructions from Washington to cancel a bond, then the indorsement on the bond was made something like this: "Cancelled by instructions of the Secretary of the Treasury," or, as the case might be, "Commissioner of Customs"—"see his letter of such a date," which letter was on file or was recorded.

In regard to the kind of proof, from some cause which I could never quite divine, the consul at Nassau, after we had been acting on the faith of his certificates for, say, six months, made a change in the form of the certificate. The certificates were in printed form, and he made a change in the printed form, which the office thought gave us less of his personal assurance in regard to the matter than the form upon which we had originally acted, and we not being over zealous to cancel bonds, we declined to cancel any upon that defective form. I have rather thought that it was a mistake in the one case or the other of the printer, which the consul himself did not discover either in the first form or the last. Nevertheless, the office did refuse, and for some time, to cancel these bonds until parties had received and exhibited to us large numbers of these certificates. Thereupon a correspondence arose between Lord Lyons, to whom the case had been communicated, and the Secretary of State. The Secretary of State communicated that correspondence, and it was full of complaints to the Secretary of the Treasury. It was at a moment when our relations with England were in a very critical condition, and I confess that I rather sympathized with Mr. Seward at that time, thinking that we had just about as much on hand, one way, as we could manage. I say I sympathized with his desire to avoid all collision with England; so, I think, did the Secretary of the Treasury, for he wrote us a pretty short and curt letter, stating, that if there were any bonds of these parties that remained uncanceled, that we should cancel them forthwith, and we felt that it was rather an implied censure upon us for being so very strict. Acting upon the spirit of many of the previous letters from the Secretary of the Treasury, we then went on in respect to many parties to take proof to help out a slight defect in their consular certificate; and our action, I should say,

was communicated to the Secretary somewhat in words like these, (I do not pretend to quote exactly, but this is, in substance, what I think was communicated. Certainly it gives the mode in which the business was done.)

“Acting upon the liberal spirit of the instructions from the Treasury Department, this office has received proof from obligors to supply deficiencies in the certificates, and has thereupon cancelled several of the bonds. Wishing to relieve shippers from the embarrassments resulting from the change, (that is, defects in or absence of certificates from Nassau,) various kinds of proof have been received to which the most liberal rules of construction have been applied. The oaths of well-known and responsible shippers, or an inspection of their books and correspondence, or a personal examination under oath of dwellers in Nassau, or sworn explanations as to the nature or destination of particular articles, (the investigation usually occupying but a short period,) have been found sufficient. Other obligors are now preparing to produce proof for a like purpose. This class of shippers generally express themselves satisfied with the proposal of this office thus to relieve their embarrassments.” And I may add, that in these cases we always assumed to be acting with parties who were dealing in good faith with the government, but the amount of trouble and protestation was quite annoying, and the correspondence upon this subject was voluminous.

Question. Do you know of any bonds being cancelled in any other modes than you have indicated?

Answer. I do not recollect of any. I can say very confidently that no bond was cancelled within my knowledge, except under such circumstances as I have mentioned. I would like to state another thing right in that connexion. In regard to the business of cancellation of which I have spoken, the general mode of transacting that business was known to my official superiors. I very frequently had occasion to confer with the collector upon these subjects, to receive his instructions and carry them out both in regard to the particular cases upon which I may have been conferring with him, and in regard to general lines of policy in the transaction of this business.

Question. Did this system of requiring and cancelling bonds, on the whole, operate as a preventive of frauds upon the government?

Answer. I think I cannot be mistaken in saying that previous to the spring and summer of 1863, great doubts had arisen in the minds of leading officials in the custom-house as to the efficiency, if not the validity, of this bond system. In April or May, 1863, the brig Jasper was seized at this port upon the ground that her cargo was, as the custom-house alleged, to be used on its arrival at Matamoras in aid of the rebellion. There was no suspicion arising in regard to the owners of the vessel or the vessel itself, but the suspicion arose solely in regard to the cargo. Several of the owners of the cargo lived at Columbus, Ohio, and testimony was taken before some military tribunal there and forwarded to the Provost Marshal General here, which was claimed to substantiate this suspicion. That evidence, or the substance of it, was communicated to the custom-house before the Jasper sailed. The shippers of the merchandise had given the usual bond that the merchandise should not be used in any way in aid of the rebellion. Owing to the character of the parties, and their personal relations with other parties, the case excited a good deal of interest. The vessel and the cargo laid here under seizure many weeks, during which there was an investigation into the facts. Parties were heard, and there were many conferences upon the subject between the custom-house officials during the months of April and May, and on to about the 1st of June, which brought up the whole bond system. The collector, the naval officer, and myself, together with others, took part in several conferences on this subject. The bond system had then been in use a year, and no bond had been put in suit, and I believe no steps had been taken, at least, no efficient steps, to put

any bond in suit. During these conferences blank forms of the bonds used were present and were considered. So was the subject of consular certificates and the mode in vogue in the office for cancelling bonds. No fault was found either with the forms of bonds, the mode of taking sureties, the mode of cancellation, or the general manner in which the business was done. In the course of these conferences it was repeatedly urged by me, that if the government intended that this bond system should be anything more than a mere formality, steps should be taken for procuring proof in regard to the ultimate disposal of the merchandise shipped from the port of New York to Matamoras, Nassau, and other ports, in cases where this class of bonds had been taken. As things stood, the office had no proof at all on these subjects. I thereupon, after much consultation, drew up a letter to the Secretary of the Treasury, which, if sent, was to be signed by the collector, explaining the circumstances, and recommending that Treasury agents be sent to these ports for the purpose of obtaining evidence in regard to past shipments, and to remain there and watch subsequent shipments as they might arrive, and to report the facts to the Treasury Department. I gave it as my opinion that, unless this course was adopted, the whole bond system would prove to be utterly nugatory, and would become a mere formality. In this view of the case, as I understood at the time, I was strongly backed by the naval officer. After some conferences, the collector declined to sign and forward the letter to the Secretary of the Treasury. And I think I cannot be mistaken in saying, that among other reasons (for he assigned several) for this declination was, that his opinion was, (or if not his explicit and well-settled opinion, at least it was the utterance of a very great doubt) that after merchandise had reached from this port a port like Nassau or Matamoras, and the shipper from this port had washed his hands of the transaction, the government could not, in respect to the shipper, follow him any further in regard to these goods. And I myself, upon reflection, (though I am not sure whether I so said to him,) arrived at the conclusion that the collector was right in his point of law.

The question then arose, and was asked by some of these conferring parties, and it should be understood that these conferences were very numerous, at incidental times for some weeks, "What is the use of taking these bonds, if we do not intend to do anything, and get proofs to show that their conditions have been violated?" And it was then substantially answered, and pretty generally concurred in, to the effect that "the requiring of these bonds may prevent some shipments to these doubtful ports." In other words, it being gravely doubted whether the bonds were not invalid in point of law, so far as they attempted to control merchandise beyond the neutral port of destination, and inasmuch as it seemed to be conceded that if no measures were taken to obtain evidence of the violation of the conditions of the bonds, then they would, *as bonds*, become utterly inefficient in effecting their apparent objects and intents, though, on account of the onerous conditions and the necessities of the shippers obtaining sureties upon their bonds, their exaction might indirectly operate to prevent some shipments to such ports as Nassau, Matamoras, and the like. I most distinctly recollect saying, when it was concluded not to send a letter to the Secretary of the Treasury, and therefore not send any Treasury agents to get proof, "that the linchpin of this system had gone out." From that hour I regarded the bond system as having failed and broken down as to any practical results, except the indirect consequence of preventing, perhaps, occasional shipments, for the reason stated, to the ports named; and I so stated to the collector and the custom-house officials, and I should be very much surprised to learn that they did not concur with me in opinion upon this subject. At all events, such was the impression made upon my mind at that time, that, though I afterwards tried to sustain the system, I regarded myself as somewhat in the position of enforcing it under false pretences, and trying to do indirectly what it was found im-

possible—not to say illegal—to do directly. I will not state, for I need not, what the effect upon my mind must have been during the remaining months I had the superintendence of this business, of the result of these long conferences arising out of the case of the *Jasper*.

Question. Let me call your attention to the firm of Van Brunt & Slaight, and ask if they were authorized to execute bonds by attorney; and if so, what was the character of the trade in which they were engaged?

Answer. Van Brunt & Slaight were engaged in carrying forage, and, perhaps, provisions, to the army, from New York to Washington. There was a Treasury regulation which required that all vessels going up the Chesapeake should give a bond to the effect that the officers and crew of the vessels should be loyal to the United States. A very large number of this class of bonds were taken. Van Brunt & Slaight, being regular shippers of these supplies for the army, had occasion to send vessels up the Chesapeake to Washington. At first they were in the habit, according to my recollection, of signing the bonds themselves, as sureties for the captain of the vessel, whose name was always on the bond as principal. These bonds were regarded and treated rather as formalities, and the conditions of the bond terminated in each case with each voyage. Van Brunt & Slaight, being very busy, finally did not come to the custom-house to sign their bonds, but authorized a clerk of theirs to sign for them, in view of the character of the bonds being, as already stated, of a very unimportant description, and regarded somewhat as a formality. I understand it has been stated that I wrote a note to Van Brunt & Slaight, requesting them to send a written authority for their clerk to sign their name to their bonds; therefore they did send such written authority. The authority was explicit, but was not drawn up with all the usual formalities of a long power of attorney, but I believe it had the essence of the power most explicitly stated. If I said anything in that note that this was a mere formality, (for I have no recollection of writing a note at all,) I must have meant that their giving this written power to one who was notoriously acting for them was a mere formal proceeding. Possibly Van Brunt & Slaight did send some goods up the Chesapeake on private account, but I believe they traded nowhere except up the Chesapeake.

By Mr. Rollins :

Question. Did this clerk of Van Brunt & Slaight sign any other bonds, save this class that you speak of, under that general power?

Answer. He did not, as I am aware of. I knew him to be the clerk of Van Brunt & Slaight, and the clerk specially assigned to do their custom-house business in the matter of clearing these vessels. I have no recollection, nor do I believe, that Van Brunt & Slaight ever shipped anything except shipments of the character mentioned.

By the chairman :

Question. Will you tell the committee what you know of the alleged abstraction of bonds in the New York custom-house?

Answer. Emphasizing the word *know* in the question, and speaking strictly as a witness, I know nothing on the subject. Of my own knowledge, speaking strictly as a witness, I do not know that any bond ever taken there has been abstracted. I will state further, in regard to myself, if any bonds have been abstracted, I did not abstract them; did not know that they were being abstracted, and never suspected anything of the kind. In view of the great number of bonds taken there, and the manner in which the business was inevitably done, a number of bonds, a good many bonds, might be abstracted without my ever knowing or suspecting anything about it. In respect to my own personal knowledge, and speaking as a witness, as I stated at the beginning of this answer, I wish my answer upon that point to be taken in the broadest and most

explicit sense in which the terms can be used ; and I am further satisfied that the official who investigated this matter heretofore has not the shadow of a doubt of the truth of this statement

By Mr. Le Blond :

Question. Do you refer to the Solicitor of the Treasury ?

Answer. Yes, sir ; I would state, further, that I have never exchanged a word with him upon that subject since his investigation.

Question. Why are you satisfied that that is his conclusion ?

Answer. Because two or three parties who professed to know in regard to the matter stated that I did not know anything about it ; that they never conferred with me on the subject, but, on the contrary, took pains that I should not know anything about it ; and this, in substance, was sworn to before the Solicitor, or put into his hands in the form of an affidavit and statement.

Question. Has any one informed you or told you that the Solicitor had expressed that opinion ?

Answer. I think not explicitly.

Question. Has any one intimated to you that that was his opinion ?

Answer. I cannot say that any one has. I would say, further, that I infer it rather than know it.

Question. In what sense, then, are we to understand the use of the term "not explicitly" in your former answer ?

Answer. Perhaps I ought not to have used the word "explicitly."

NEW YORK, *March* 22, 1864.

H. B. Stanton recalled.

By Mr. Le Blond :

Question. Were all this class of bonds that have been spoken of—I do not have reference to the bonds taken in the Chesapeake trade—justified before you ?

Answer. I suppose you now speak of these bonds for trade at ports like Nassau.

Mr. Le Blond. Yes, sir.

Witness, (resuming.) I think, within the rule stated by me yesterday, they were. There may be a few exceptional cases where they did not literally justify where I knew the parties well, and where they had justified, as I stated yesterday, some little time before, in sums much larger than the particular bonds then under consideration. I think those cases were rare, and where I had no doubt of the capacity of the parties.

Question. After justification of the bonds, what did you then do with them ?

Answer. Speaking literally, as an almost invariable rule, I put the bond into a drawer in my desk at my right hand. Sometimes the bond was not quite completed in some respects, and it might lay a little while on my desk, but the rule was to always put the bond, for safety, immediately in this right-hand drawer. Usually the business of the office was so great, and especially the latter part of the day, that with the force at my disposal everything, so far as our office was concerned, such as filling up the acknowledgments, was not always done until after business hours. There was a necessity for that, frequently because the large number of persons doing business made it quite impossible to have completed all these things in the day ; but supposing them to have been all completed and all the bonds laid in my drawer, then the general rule was (subject to rare exceptions which might grow out of the necessities of business) to take these bonds the next morning from that drawer into the outer office and

give them to some one of the clerks there, whose business it was to make a brief abstract of them in a book of records, numbering the bond, giving the date, stating the name of the principal and sureties, the amount, the name of the vessel, the place of the destination, and leaving a blank on the right-hand side of this double-page record to note the time of cancellation, or if it were cancelled, to make some memorandum of it; then the bonds were folded and filed on the outside with the names of the parties and the number, and then were put away.

Question. What was your method of administering oaths to parties who came before you to justify; what was the particular form?

Answer. In the affidavits, where the justification was reduced to writing, I cannot give the exact phraseology without I could see one of the affidavits, but I can give it substantially. The party swore to the fact that he was worth so much money over and above all debts and liabilities, and I think including property exempt from execution, which in a large bond I did not deem a very material statement, because the amount exempt would be small. If he swore in respect to real estate, it then required him, as a general rule, to state where the real estate was, and if it were anywhere in the city of New York or Brooklyn. It almost always required him to state the street where it was located and how much it was worth over and above all incumbrances; then that affidavit was sworn to by the parties, which parties were sometimes principals and sureties, sometimes only sureties. Another mode was adopted, and very generally applied in bonds unimportant in respect to their character, or unimportant in regard to amount, and which was frequently applied in cases of important bonds, but quite rarely in those cases unless these parties had also at some previous time made oath and specific affidavits; and in these cases the oath was this: two or three of the parties stand before me; I request them to lift up their hands, and I administer the oath in these words: "You do each of you solemnly swear that you will answer truly all such questions as may be put to you in regard to the matter now in hearing: so help you God." I then ask them, beginning with perhaps the principal, "Are you worth the amount stated in this bond over and above all debts and liabilities?" I would then ask the next man, (it is quite probable that I did not repeat these precise words,) "Do you swear to this?" I got so in the habit, I ought to say, of administering that oath, and it ran off from my tongue so quickly sometimes, that parties sometimes would ask me to repeat it. And that made me sometimes very cautious; and as a general rule, I think, that kind of justification in regard to important bonds was not usually adopted unless the parties had previously made an affidavit at some previous time. I do not think the system of affidavits was resorted to until within about a year of the time I left there; it may have been no more than nine months. I do not think that affidavits specifically reduced to writing were taken until some time in the winter or fall of 1862 and 1863. I should say that I speak of these particular subjects without the papers before me, and therefore subject to errors, which I could very readily correct if I could see the papers.

Question. Then the examination given to the sureties was the same that you gave to the principal?

Answer. Yes, sir, if I swore the principal at all, which I did not always do. The reason of the exception would be, that I thought the case required, for instance, both principal and sureties to meet the requisitions of the bond.

Question. Where you made an exception in the examination of these parties, it was in cases of new parties applying, or parties that were exceptionable?

Answer. As a general rule, I should say "yes;" but there were sometimes cases where I took, for example, Mr. Thomas Tileston on a bond, whom I know to be worth hundreds of thousands of dollars. I doubt whether I put him to

the oath; and I believe that in the warehouse department, which afforded the only precedent in the custom-house for us, they never or very rarely required the parties to justify.

Question. Do you recollect that you did at any time, in administering the oath and examining the surety, simply say to the surety after administering the usual oath, and after examination of the principal, "You swear," and no more?

Answer. I think the fact would be as I have stated already—that is, that I would administer the oath, put the question to one party, and then might sometimes turn to another party and say, "Do you swear?" I might put it in that phraseology. Remember that there are about five thousand bonds, and it is quite beyond my recollection or powers of recollection to speak in an absolute and universal sense in regard to any particular case which the committee may have in view, and I should like to be examined in regard to that particular case, to see if I recollect anything about it. It is undoubtedly true that the general mode of administering oaths in the custom-house is pretty brief and summary, and I am sure that it was more specific and elaborate in my department than in any other department of the custom-house; but if there were any laxity in that regard on my part, it might be in following at a respectful distance the precedents all around me.

Question. I would ask you if you are acquainted with the firm of Middleton & Co.; and if so, for how long a time have you been acquainted with them?

Answer. I know the members of that firm, but only in an official way, as having done official business with them. The first names of the two brothers Middleton I could not give. My acquaintance with them arose when they came to give the first bond on that day; and if my recollection serves me, for I am not quite sure about that; theirs was the first bond or one of the first ever executed by a shipper to Bermuda; and I recollect going upon that occasion to the clearance bureau, and asking the head of that bureau about Middleton & Co. He stated to me, that since his acquaintance in the custom-house they had been regular shippers to Bermuda, and were men of quite large property. I think I did this before I took the bond.

Question. About what time was this?

Answer. I cannot say distinctly, but my impression is, that it was not far from the 1st of July last.

Question. Who was the surety offered by them at that time?

Answer. I cannot distinctly recollect, but a Mr. Conklin, either then or soon after, became their surety, and was several times their surety. Mr. Conklin's first name I cannot now give.

Question. Were you at the time acquainted with Mr. Conklin's pecuniary circumstances?

Answer. I was not, for I did not know him until he appeared there. I would say here, that having made these inquiries about Middleton & Co., I took their bonds quite as much on the faith of their own large pecuniary responsibility as on that of their surety—I should think more.

Question. State whether the usual oath was administered to Middleton & Co.; to the Middleton who appeared as the principal, and to Conklin as surety, as was administered to parties generally?

Answer. Speaking generally in regard to other bonds, as a whole, that oath was administered in the usual form. I think that the same exceptions were made in regard to always administering it that I have already alluded to, mainly for the reason, because I did not doubt the very large pecuniary responsibility of Middleton & Co., as represented to me.

Question. What was the amount represented to you that they were worth, and by whom?

Answer. As to the amount, speaking specifically, I have not a distinct recol-

lection; I can speak only from my present impression of what was then the fact. I should think I was safe in saying, with my present impression in respect to what I then believed from the statements made to me, that it would be one hundred or two hundred thousand dollars, but in this I may be in error. The sources whence I got that I cannot now distinctly recollect, but they were custom-house sources upon which I placed reliance.

Question. You say the bond of Middleton & Co. was about the first of the bonds taken to Bermuda?

Answer. Yes, sir; my impression is, that the bond of Middleton & Co. was the first, but I am not quite certain.

Question. Do you recollect the amount of that first bond?

Answer. I do not.

Question. Have you any recollection whether it was a large or a small bond?

Answer. I cannot recollect. When it was resolved by the clearance department to begin to take bonds to Bermuda, there was a good deal of pending trouble and irritation; such as I have previously alluded to in regard to taking such bonds anywhere, and when it was resolved to add Bermuda to the list, it pretty largely increased this irritation and trouble, and there were a good many protests in regard to it; and it was then determined, on some consultation, that at the outset of the initiation of this system, in respect to Bermuda we would, until it got fairly under way, be a little lenient in the matter of taking bonds, lest we should have so much trouble in regard to it that we might not be able to take them at all. Therefore, I think there was some relaxation of rigid rules at the outset in regard to the trade with Bermuda.

Question. You said yesterday, in your testimony, that there was great insecurity about your office. Now, what precautions did you take with your bonds when the justification had been completed, in the way of preventing these bonds falling into the hands of parties that should not have them—into the hands of obligors—during your absence from the office?

Answer. I would first state, in reply to this question, that I never thought or dreamed that anybody who had not a right to have one of these bonds would ever undertake to get one, and I looked upon the matter of insecurity growing out of the peculiar condition of my office, a portion of the time, as tending to loss or mislaying of bonds, rather than any improper abstraction of them. I did not, therefore, take any special precautions beyond being rigidly careful in respect to such business myself, and impressing that upon my clerks.

Question. Did you put them under lock and key in your drawer?

Answer. I suppose that you speak of my own drawer. My impression is, that generally I did not. After they left me, and were recorded, they were put in a case, which case necessarily stood open during all business hours; but it was directed to be locked after business hours, and which I think was locked after business hours. I could explain here, that what I have said in respect to putting bonds in the drawer at my right hand in my desk, and then their going into a case under lock and key, refers particularly to what we call the new custom-house—that is, the merchants' exchange.

Question. Were you in the habit of locking this drawer when you left the office after business hours?

Answer. I really cannot say. I can only say that my belief is that sometimes I did and sometimes I did not; and one reason for not doing this was the fact that sometimes the clerks would work a little after business hours, and would therefore wish access to that drawer where the bonds were, but I think mainly from the fact that I never suspected any wrong in regard to the matter. During the day messengers were always in the office, and immediately on our leaving it another employé of the custom-house came in to adjust and sweep the rooms, and then the rule was to lock the office and outer doors of the office.

In point of fact, after business hours were over no person but an employé of the custom-house had any right in those rooms.

Question. I would call your attention to another subject while it is in my mind. I understand from your testimony on yesterday that you acted as a notary public in taking these justifications, administering oaths, &c. By what rule, or by what revenue law or custom-house regulation, were you authorized to act in that capacity?

Answer. First, as to law : I do not know that there was any law authorizing it expressly, but I do not know that there is any law forbidding it. As to the practice in the custom-house : There were several—I cannot say how many—notaries public who held office in the custom-house and acted as notaries public while holding office in the custom-house, and I found that practice in existence when I came there.

Question. I would ask you if there is not a rule governing in the custom-house that prohibits an officer receiving any fees or perquisites outside of his regular salary?

Answer. I do not know of any such rule in respect to his receiving, for instance, fees as a notary public. On the contrary, I believe the practice of the custom-house—and certainly it was during the time I was there, irrespective of myself—to be otherwise.

Question. I would ask you if this system is still carried on of allowing attachés of the custom-house to exercise the duties of notaries public?

Answer. I know that it was done after I left there, for I saw it done ; how it is now, I don't know.

Question. What fee, if any, was due to the government upon all these bonds taken?

Answer. As to the bonds taken by me—the special bonds, I mean, growing out of this recent special legislation of Congress—my own opinion is, after examining the law, that there was no fee due to the government, and that the government had not the right to exact it. I have examined the law, though I cannot now refer to the statute which it has been claimed authorizes the taking of such a fee.

Question. How much?

Answer. 40 cents. I conferred with the assistant collector upon this subject while I was there, and I understood him to concur with me in my view of the case, and I am satisfied (though liable to be mistaken, as every lawyer is) that the statute which authorizes the taking of 40 cents on a bond does not refer to or include any such bonds as those of which I am now speaking, and that opinion I expressed again and again while I was officiating.

Question. I would ask you if the custom-house officials are in the habit even of taking that 40 cents for bonds?

Answer. I understand the fact to be this, (though I don't know,) that some time after I left (how long I cannot tell) they began to exact a fee. This led me to a re-examination of the law, and it confirmed the opinion I had previously formed, which opinion I expressed to the collector.

Question. Are you acquainted with a man by the name of Henry C. Smith? You spoke of him yesterday. If so, what is his business?

Answer. I know a Henry Clay Smith, and that person is what is called a custom-house broker.

Question. When did you first become acquainted with him?

Answer. I cannot recollect. I am very confident that I saw him in and around the custom-house before I knew his name. The number of brokers doing business there is very large. I knew the countenances of many of them whose names I did not know and do not yet know.

Question. Have you had any knowledge of this man Smith as being connected with the Middleton bonds?

Answer. Of my own personal knowledge I have none.

Question. Had you at any time after the giving of any of these bonds a conversation with this man Henry C. Smith?

Answer. Never in regard to those bonds. As a custom-house broker he did some business, I should think, not a great deal, at my desk. When you ask for conversations with him in respect to those bonds, you mean, of course, while I was an officer in the custom-house.

Mr. Le Blond. Yes, sir. These Middleton bonds, I understand, were all given at the time you were there.

Witness, (resuming.) In transacting the business of Middleton & Co—the regular official business—I have no recollection of Smith ever appearing before me in connexion with that business, even as a regular broker doing business. My decided impression would be that he did not even in that capacity.

Question. Did he appear before you in any other capacity in reference to those Middleton bonds, upon which Mr. Conklin was surety?

Answer. Mr. Smith never exchanged a word with me upon the subject of their bonds, nor wrote a note to me upon the subject, and in the broadest sense I wish to say that I never had a communication with him, directly or indirectly, upon that subject.

Question. Now I want to know this—whether Mr. Smith did not at one time appear at your desk, leaning upon it, and talk with you in reference to those Middleton bonds, one or more of them?

Answer. Never to my recollection.

Question. What conversation had he with you in reference to those bonds, or any other, at your desk?

Answer. I think he appeared as a broker a few times, as I have stated, for other parties, but I am sure he never had any conferences with me in regard to their bonds. I will not say but he might have spoken to me possibly; but if he did, the conversation must have been very unimportant and so casual as not to produce any impression upon my mind; but my strong recollection is that he never said a word upon that subject to me.

Question. What business could he have had at your desk as a broker, legitimately?

Answer. He assisted in clearing some of these Chesapeake vessels, and—as I have heretofore explained, the main object of these bonds being to bind the captain in respect to the loyalty of his crew—I think on one or two occasions, perhaps more, he was a surety on some of these bonds, and he may have, and I think likely, has done business with me in other matters, but I have no distinct recollection of it, if at all. When I was in charge of what is called the seizure bureau I was in frequent official communication with parties and with brokers in respect to those cases, and in doing some of that business I may possibly have done some of it with Mr. Smith, but I have no recollection of it.

Question. Were you in the seizure bureau at the time these Middleton bonds were given?

Answer. No, sir.

Question. What power had you in your bureau to clear vessels that should call Mr. Smith to your desk?

Answer. Only in respect to the giving of these bonds.

Question. Did not the parties themselves appear before you and execute the bonds?

Answer. Yes, sir.

Question. Then what necessity was there for a broker?

Answer. The broker almost invariably came with his parties. I put that rather too strongly. Brokers frequently came with their parties. In regard to what I have said concerning Mr. Smith, it now occurs to me that he did one day speak to me something in respect to some cotton which we had seized, in

no way relating to Middleton & Co. He professed to act as the broker of the parties. The interview was momentary, and I stated in substance to him that the case was settled in regard to the seizure of the cotton, and that was the end of it.

Question. Then we are to understand that he was not a frequent visitor at your desk?

Answer. In comparison with others doing the same business he was engaged in, he was, I should think, rather an unfrequent visitor; though I ought to say that, doing business with so many men as I did, it would be quite impossible for me to undertake to classify them in respect to the frequency of their visits. Not wishing to speak disrespectfully of that class of men, they were somewhat annoying as well as frequent in their applications.

Question. I would ask you if there is a window upon the right of your desk, as it was situated at the time these Middleton bonds were negotiated, that would enable a man, or two or three men, to stand in the aisle and look in upon the desk, and recognize the parties standing at the desk?

Answer. There was on the right of the desk, at some distance, what may be called a window-door. That door opened upon a gallery. In summer, a portion of the time, that door would be opened upon that gallery. When closed, my recollection about that window is that the glass was of such a character that a person could not see through it. The window part was only a part of the door, and the upper portion. From the rotundo of the custom-house, a person standing at the door could see the door of my outer office, and if he watched could see a person enter it; but the rule was invariable that parties transacting business in that office entered at this outer office.

Question. And came through into your office?

Answer. If they wished to enter my office, my particular room, they came through.

Question. Was not the door to the right of your desk, leading directly into your office, closed—I mean from the rotundo—during last summer, excluding persons from entering in that way?

Witness. Do you mean excluding them from entering from the gallery directly into my room?

Mr. Le Blond. Yes, sir, so that they would always have to come through the outer office.

Answer. Almost invariably that door was kept closed upon them, as I have stated, by me, for two reasons. One was to prevent persons coming in that way who wished to transact business at my office; and the other reason was, that if I wished more ventilation, I preferred to open a window at my left, which opened into Wall street. In winter and in the cooler parts of the year the door was locked, as it was, I may generally say, in the summer. I mean the window-door that goes on to the rotundo.

Question. Then a door opened from your room into the outer room?

Answer. Yes, sir. There was a door that opened from my room into the outer office.

Question. Could you see from your office to your son's desk when the door was opened between the two offices?

Answer. I could not see his desk. It stood in such a position that I could not see it from my desk.

Question. Was his desk within the railing, as the room was arranged last summer?

Answer. It was within the railing.

Question. Parties entering would first come in contact with him before they would with any other clerk, would they not?

Answer. Not necessarily.

Question. He was nearest the door that they would enter at?

Answer. I should think not ; but in passing from the outer room, and for the purpose of entering mine, they would pass nearer his desk than any other desk ; but as you entered straight into the room, and kept straight on, you would, but for the railing, strike two desks before you would his.

Question. Was his desk to the right of the door that they would enter at, but in the corner of the railing beyond, to the right ?

Answer. As a person would enter the room, his desk, properly speaking, would be on the left hand, in the remote corner of the room. There was a stand-up desk and a counter put upon this railing, which fronted the door as parties came in. That desk was used indifferently by all the parties. It was nobody's desk in particular. That was the desk at which, as a general rule, the filling up of the bonds was done, (that desk and counter ;) and whatever clerk filled up a bond, he would almost invariably use that desk or the counter. Under the pressure of business I have myself taken hold to assist at that desk and counter in filling up bonds.

Question. Did your son usually fill up the blanks in these bonds ?

Answer. This is a point I could not speak upon definitely, of course, without seeing the bonds ; but my impression is—take a week together—they would be filled up in about equal proportions by the two clerks.

Question. What were the special duties assigned to your son ?

Answer. The duties of the office, so far as the clerks were concerned, were filling up these bonds, recording the bonds, copying drafts of letters drawn by me of an official character, and handing out bonds to be looked at by parties who had a right to look at them with reference to their conditions, or something in regard to their cancellation, &c. Then there was another class of duties which related to the seizure of vessels and property under these special acts of Congress. Speaking of the class of duties excepting that last mentioned, the business was done, so far as I could now say, indifferently by two clerks, though I more generally assigned to Mr. Scott, the other clerk, the matter of copying my drafts and letters, because he wrote, I thought, a better hand ; but with that exception, I think the filling up of bonds, &c., was done indifferently by them. I never made any special assignment of duties between them in respect to these matters.

Question. Where is your son ?

Answer. He is in the city.

Question. Has he been here ever since these occurrences ?

Answer. He has been here a part of the time, and a part of the time at his grandmother's, and a part of the time with his cousin.

Question. What is his age ?

Answer. He is about twenty-two.

By the chairman :

Question. Do you know, personally, Mr. Joseph Eneas, who is now confined in Fort Lafayette ?

Answer. Yes, sir, I know him.

Question. Has he been a shipper of goods to these suspected ports heretofore ?

Answer. He has been a shipper of goods to Nassau ; I believe the fact to be that when we first began to take bonds for shipments to Nassau, Mr. Eneas was then, as I have understood and believe, a shipper there, and had been for a number of years.

Question. And, of course, gave bonds as others did ?

Answer. Yes, sir.

Question. With principal and sureties ?

Answer. Yes, sir.

Question. While you were in the custom-house, was Wm. A. Smalley, who

was concerned in these bonds, an employé or attaché of the custom-house in any way—holding any position there?

Answer. I have understood, though I do not know anything about it, that at one time he was a clerk; and then I understood, from authority that I regarded as equally trustworthy, that he had ceased to be a clerk. I never saw him there as a clerk, and I never saw him do any business as a clerk. On one or two occasions, when I was absent from the city, he acted as a notary, simply as a notary, in taking acknowledgments and administering oaths on bonds.

Question. Did he go on any of these bonds of Eneas as principal or surety, to your knowledge?

Answer. To the best of my recollection he did not.

Question. Did he negotiate any of Eneas's bonds—that is, I mean in regard to the sureties or the principals?

Answer. Not to my knowledge.

Question. Was this Eneas, as you understood it, in company with any one, or alone in his ventures?

Answer. I don't know that I ever heard that Mr. Eneas was in company, so far as his business came across my desk, and that was all I knew about it; he seemed to be doing business alone.

Question. Was there a man by the name of Hoffnung connected with Eneas in any shape, that you know of?

Answer. I can only say, as I understood it, that Mr. Eneas, as I have already stated, was in company with nobody, nor associated in any way with anybody. All I know of his business was as it appeared in passing before me, and my strong recollection is, that the papers showed him to be doing business alone.

Question. The same question I would ask you with reference to Lewis Benjamin—whether he was concerned in shipping goods, in giving bonds, procuring sureties, &c., while you were in the custom-house?

Answer. Lewis Benjamin shipped, I think, some goods, and I recollect that he was surety on some bonds. I do not speak quite with certainty in regard to his shipping goods, but with entire certainty in regard to his going on bonds. I know nothing about his procuring sureties.

Question. Do you remember whose bonds he went on?

Answer. I recollect that he went on the bonds of this Hoffnung.

Question. Did you personally know this Benjamin?

Answer. I never knew anything of him that I am aware of until he appeared to give the first bond.

Question. Did you know him after that anywhere outside of your office in the custom-house?

Answer. I do not now recollect with certainty of ever meeting Mr. Benjamin outside of the custom-house, but I may have done so; and I have some recollection that I have met him somewhere in the street, perhaps elsewhere.

Question. Do you know anything of the pecuniary circumstances of this German (Hoffnung) who went on these bonds?

Answer. Nothing that I am aware of that I now recollect excepting what he swore to, and precisely what he swore to I do not recollect. From some source, which I cannot now indicate, I got the impression that he was a man of some considerable property.

Question. To the best of your recollection what would be the probable number of bonds that he went on as principal or surety?

Answer. I think he went generally as principal, and I cannot tell the number of bonds, but my impression would be that it was six, eight, or nine; I may have got the number too many or too few.

Question. Did you ever know him even by sight before he appeared at the custom-house as obligor or surety?

Answer. I never did.

Question. Did you have any transactions with him at the custom-house other than the execution of these bonds?

Answer. Never, excepting, I believe, he once made an affidavit which related to some of these bonds.

Question. Did you meet him outside of the custom-house; did you meet him, or have any transactions with him?

Answer. I never did; I may have met him in the street, but I have no recollection of that even.

Question. You are sure that you had no other transactions with him than those connected with these bonds?

Answer. Nothing.

Question. What time were you in the habit of leaving the custom-house generally?

Answer. As a general rule, from 3 to 4—generally, immediately after 3.

Question. Do you recollect of ever meeting him after business hours at the custom-house?

Answer. I have no recollection of it.

Question. Do you recollect of ever meeting him at your house?

Answer. I never saw him at my house; I am very positive.

Question. Did you ever meet him in that vicinity after business hours?

Answer. Never to my knowledge.

Question. I think you stated that you never had any transactions with him other than those derived from bonds; did you ever have any pecuniary transactions with him?

Answer. Never, except it was at my desk when bonds were taken. I took the notary fees of the parties.

Question. Have you ever received any money from him?

Answer. Never.

Question. Did you ever find on your table or desk an envelope with an enclosure of 50 or 100 dollars in 50 or 100 dollar bills?

Answer. Never did.

Question. You are confident of it?

Answer. I am. I wish to state here, in all frankness, that two or three times I received some money at my house, left there in an envelope; I did not know who it came from; and I supposed, while the transactions occurred, that it did not relate to custom-house matters; that it came from another source.

Question. What was the amount contained in the first envelope?

Answer. I should think it was \$200.

Question. Do you recollect whether it was in checks or bills?

Answer. Bills.

Question. Of what denomination?

Answer. I do not recollect; I supposed then that it related to a pecuniary transaction in which a party had embezzled some money from me, of which fact, under the peculiar circumstances of the case, I was requested not to make any disclosure.

Question. Was there any communication accompanying the bills?

Answer. Nothing at all—nothing but a naked envelope.

Question. Did you have no clue leading to the source from which it came?

Answer. Not the slightest.

Question. Was that left at your house?

Answer. It was left at my house.

Question. Was it left in your absence?

Answer. It was left in my absence.

Question. Did you ascertain from the bell-tender what person or what sort of a person it was who left it?

Answer. I think I asked, "Who left this letter here?"

Question. Do you recollect the answer ?

Answer. I do not ; it gave me no information.

Question. How long ago was that ?

Answer. It was this last summer ; the date, more precisely, I could not give.

Question. Were there any marks or dates on the envelope ?

Answer. Nothing.

Question. Was it addressed to you ?

Answer. Yes, sir ; there were no marks upon it that I noticed ; I think, as I opened it, I ripped it up, supposing that it was a letter.

Question. Did that transaction ever occur more than once, or a transaction of a similar character ?

Answer. Yes, sir.

Question. What was the amount when that transaction occurred again ?

Answer. I do not recollect now ; I think it was \$100 the second time, but am not sure.

Question. What was your idea about the source from which the second anonymous amount came ?

Answer. I inferred that it came from the same source as the first ; I took some pains to try and find out from what source it came, but I could not make up my mind.

Question. Did you and Mr. Hoffnung ever exchange words about it, or ever allude to the matter ?

Answer. Never a word, direct or indirect.

Question. Did you ever allude to the matter to any one else ?

Answer. I think not, except as I have just stated, upon trying to learn the source. I do not remember distinctly, but my present impression is not, except as stated.

Question. Did you ever allude to it with the person or persons from whom you say you thought, in view of that money transaction, it might have come ?

Answer. The party to whom I referred did not live in this city—quite remote from the city. I subsequently saw a party connected with him nearly, and made a suggestion to him which did not seem to be understood, and I did not make any further allusion to it.

Question. What was the interval between the first and the second finding of the money, should you think ?

Answer. I cannot recollect.

Question. Can you not indicate to the committee within a month or within what month either one of these transactions did take place ?

Answer. These transactions took place in July and August, I believe.

Question. What would you say was the interval between them ?

Answer. I should think three or four weeks.

Question. Did you ever have any reason to believe in either of these instances, that this money came from this German, (Hoffnung) ?

Answer. Never the slightest.

Question. You never suspected him ?

Answer. Never. In these answers you will understand me as speaking of the periods while the transactions were occurring.

Question. Were there no transactions between you and him, official or personal, which would give rise to any such suspicion ?

Answer. Never the slightest. In regard to his business I did it as I did every other man's business. When you ask me what suspicions, the suspicion did cross my mind that it might have had some relation to custom-house matters ; but I never had the slightest suspicion that it had relation to his matters, and I thought over the matter a good deal to see if I could make up my mind about it. I am now speaking of the times when the occurrences took place.

Question. You say that the thought did cross your mind that it might have

had some reference to custom-house matters ; do you recollect how the envelope or envelopes were addressed ?

Answer. I do not, except they were addressed in my name.

Question. Addressed to you as deputy collector, or H. B. Stanton, or Mr. Stanton ?

Answer. I think there was nothing but my name ; I am pretty sure that there was no official attachment to the name ; but I paid no attention to the envelopes, because they did not indicate anything.

Question. Your mind did not fasten upon any custom-house transaction with sufficient probability with which that suspicion was connected, to give it any weight ?

Answer. None whatever. And the reason why the suspicion arose in my mind was, I had heard all along in the custom-house that some such things were sometimes done. The suspicion did cross my mind also in respect to the custom-house, that it might have been done by some of the officials in the custom-house of a higher grade to compensate me for the discharge of my duty, say, in respect to seizures ; I understanding the fact to be, that the high officials in the custom-house did give some pay or per-centage to parties in some way, in connexion with the seizure of goods in which they had been instrumental. I had spoken pretty decidedly against the legality and propriety of this course, but it was merely a thought that passed across my mind.

Question. Did you, while in the custom-house, ever receive through the channel already spoken of, or any other, by finding, or by its being put into your hands or laid on your desk, or in any other method whatever, a sum or sums of money other than in the two instances you have now specified ?

Answer. I will mention one fact which I could never account for : I did not keep a bank account anywhere ; I was standing at my desk and receiving notaries' fees daily, which I put into my pocket. On one occasion I found rather more money than I supposed I ought to have, and I never could tell whether I was mistaken or otherwise ; I was not conscious of having received it there, and I could not tell, as I was constantly receiving and paying out money. The sum was not very large ; I think it was about \$50, or so.

Then, as I am upon this subject, I will say, further, that I had understood, (I have heard it repeatedly said,) that persons doing business at the custom-house were in the habit of making presents to officials. On one occasion I returned to my house from business, and I found there a box, a pretty large one, containing some brandy, some wine, some pickles, and things of that sort, and I think it contained some cigars, and with it there was a card stating from whom it had come. Some of my family knowing nothing about it, and presuming it was some purchase made by me, had opened the box, and, I think, had taken one of the jars or bottles of pickles, it being about dinner time, and had opened it. As soon as I saw the box and card, I had it nailed up, (I really forget now whether that bottle of pickles was put back, but I think it was so far used that it could not be,) and caused it to be returned the next morning with a note to the party. A copy of that note I believe I have. I wrote a very civil note, simply stating to him that I did not do business in that way, and he made an explanation to me that he meant nothing wrong ; I accepted the explanation, and that was the end of it.

Upon another occasion, while something in relation to one of these bonds was pending about the sufficiency of the sureties, I think, when I happened to be just out of my room for a brief period, a large box of cigars was left there. I cannot now tell exactly how I knew from whence it came. I put the box into a drawer, went in, did the business very stringently, and I think it was a day or two before it was all completed, and at this moment there happened to be, perhaps, eight or ten persons in my room, and when I got through I handed the box of cigars back to the gentleman. There were two or three custom-

house officials in there, and I think I made the remark to the party that I did not often smoke; and he said, "Oh, this is of no account; one of my clerks sent it up." I said, "I will not take it;" and I think one of the custom-house officials, in a kind of laughing way, said he would take it. I forget who it was, but I think he took the box.

Question. You stated that you were in the habit of receiving notarial fees, that you were not in the habit of keeping a bank account, and that one time you found an excess which you could not account for; what was the amount of notarial fees that you charged?

Answer. That would vary according to the number of parties to a bond.

Question. What was the rule adopted in that office as to the amount of fees—so much per seal?

Answer. In the great majority of bonds the fee was fifty cents; if there were seven or eight parties, as would be the case sometimes, the fee would be in proportion; fifty cents would be where there were two parties. If parties made an affidavit it would be still larger, besides the acknowledgment.

Question. How much larger would it be in the case of an affidavit?

Answer. I think my rule was to charge for affidavit and certificate 25 cents per name, and the acknowledgment the same. I understood that that was rather lower than was charged by other notaries. I understood that other notaries, in cases where I took 50 cents, took 75 cents.

Question. Were there any cases where the fees went up to three, five, and even more dollars?

Answer. There were cases where they come to three, and sometimes to five dollars, and sometimes there were some additional affidavits drawn and taken, or something of that kind, which I took. I used to be applied to, to a limited extent, to do notaries business which did, or did not, relate to some of these bonds—administering oaths, taking affidavits, &c.

Question. Were there many instances where the fee was two, three, and even five dollars?

Answer. I think there were a good many where it would be two dollars. Frequently there were five parties to a bond, and five men making affidavits.

Question. Do you think that there is any instance where they went up as high as 15 or 20 dollars?

Answer. There was none where it related exclusively to taking bonds, though there might have been some affidavits to bonds on some other business upon which I charged as other notaries charge.

Question. Do you recollect of any instance or instances which would warrant charging 15 or 20 dollars in drawing the affidavit and attaching the notarial seal in custom-house matters?

Answer. I have drawn up series of affidavits where I have done all the work, and which it was no part of my official duty to do, where I charged such sums as I deemed reasonable—very reasonable. I charged for doing this business—taking the affidavits, or taking facts and reducing them to the form of affidavits, both in connexion with bonds already taken, and in relation to other business not connected with bonds; but I did this to a limited extent, and always claimed the right to do so.

Question. Could a case occur where you examined an affidavit already prepared, simply supervising it, running it over and making an interlineation of a line, taking it home with you, where you charged the man five or ten dollars for it?

Answer. I think no such case as you have mentioned could occur, but sometimes parties would bring affidavits partially drawn, or what might be called "roughed out," and I have taken these affidavits, with other papers, and have put them into the appropriate shape, for which I charged what I regarded as a reasonable and usual price; but no case where I would merely look it over, as

you indicate, put in a line, or so simple a matter as that, and charge as you suggest. I claimed the right, I will say here, though deputy collector, to do business just as others did it as a notary public, for I was a notary public, having all the rights and privileges of a notary public. I was also a lawyer, and while in the custom-house I did a good deal of professional business, the greater part of which did not, in any way the most remote, relate to revenue matters, and some of which did, and I never understood that I had not the right to do it, and in doing such business I always charged fair prices.

Question. There has been a complaint made that custom-house officials have been in the habit of charging fees in excess of what they ought to charge, and if there is any explanation that could be given in regard to matters of this kind we would like to hear it; not that the committee care if you received \$10,000 in your profession, outside of the custom-house.

Answer. In response to your suggestion, I would say that all this matter I put in a letter to the Secretary of the Treasury, which letter was printed in the newspapers of this city last November. It was drawn up with care and particularity, and it covers all facts and classes of facts and cases relating to this matter, and as it was drawn up when the matters were more fresh in my recollection than they are now, I would beg leave respectfully to refer you to that letter, as containing a full exposition of this matter.

Question. Did not this bond business originate or commence while you were in the custom-house—I mean to these suspected ports?

Answer. Yes, sir.

Question. Did it commence with your bureau and continue with it while you were there?

Answer. It was assigned by the collector to my bureau, though there were bonds taken by some other officials—some other bonds of a general character, in some respects different from those which I received. The number of bonds taken at my bureau, I believe, while I was there, was about 5,000. A large number of them were taken before the instructions were received to take bonds in regard to these suspected ports, and some of this class of bonds were taken by others. A good many of the bonds taken in regard to these suspected ports were not taken in any sense by me. Many of them were taken in my absence. Quite a large number of them were taken while I was there. On one occasion I was away, I think, a month at a time, when there were a great many taken; and then while I was there I might be absent at the court or marshal's office, attending to business connected with the custom-house, and bonds were often taken of this class when I was not in.

Question. You state, I think, in the letter to which you have referred, that all the fees you received, exclusive of your salary, was about \$200?

Answer. About \$3,000.

Question. And salary inclusive?

Answer. No, sir; exclusive of the salary; *i. e.*, \$3,000 in *fees*.

By Mr. Le Blond:

Question. I would ask you if you have, since you resigned your position in the custom-house, had any conversation with Henry C. Smith, to whom we have alluded?

Answer. I have never spoken to him, nor had any communication with him, directly or indirectly, excepting when the examination took place in the presence of the Solicitor of the Treasury, and then everything that I said to him was in the nature of questions to him as a witness; and among other questions I put to him was this: whether I had ever conferred with him upon this subject; and his response was "no," which was true, and I have never from that time spoken to him on any subject.

Question. Had you, while such examination was pending, a conversation with him at either of the hotels in this city, or elsewhere?

Answer. I had none.

Witness. I wish, respectfully, to ask the committee whether anybody has testified that I did have any such conversation with Mr. Smith?

The chairman. The committee say that the chairman should answer Mr. Stanton. There is testimony before the committee that Mr. Smith appeared before the Solicitor of the Treasury and gave his testimony; that you were seen with him that night, and that the next morning he came before the commission and gave an entirely different version of matters under oath.

Witness. I wish to respond to that. My very decided recollection in respect to the testimony of Mr. Smith before the Solicitor is—and I think I am not mistaken—that he never appeared there but upon one occasion, and certainly the witness who has stated what the chairman has now said a witness has stated is entirely mistaken. I do not wish to use a stronger term, which I might be justified in doing. I ought to state here, that it had occurred to me several times, in the course of this examination, to respectfully ask the committee, as I did in this instance, whether witnesses had testified before them in the manner which the questions of the committee to me would seem to imply, but I waived it, and I did not do it.

By the chairman:

Question. Did you conduct the correspondence with foreign ports arising from these clearances of shipments, &c., to suspected ports—I mean by that, the consular correspondence?

Answer. I do not recollect that I ever wrote to those consuls in a way which would be regarded strictly as official correspondence. I may possibly have written one or two official letters which were to be signed by the collector, but I have no recollection of it; but aside from that, I, of my own motion, did write to the consuls at Matamoras and at Nassau. So far I am certain. I do not recollect whether I ever wrote in what would be regarded my unofficial capacity to the consuls at Bermuda and St. John, but I certainly conferred with them personally, in this city, upon the same class of subjects upon which I wrote to the consuls at Matamoras and at Nassau. The subject of my letters was to have them be as explicit as they could in regard to their certificates, and also to communicate information to the custom-house here in regard to any goods arriving there which they believed were being improperly used. I received a letter or two from the consul at Matamoras in response, addressed to me individually, and I think one or two from the consul at Nassau; and I received three or four from the consul at Bermuda; and I cannot say whether they were strictly in response to a letter I wrote to him, (because I have no recollection of writing to him,) or whether they were in response to the conference I had with him in this city. These letters, I presume, were addressed to me, on the outside wrapper, (and, for aught I know, on the inside,) as deputy collector. The letters were communicated to the collector; and I recollect putting three or four, or more, at one time into the hands of the collector, that arrived here after I had left the office. Those were from Bermuda. I received two from Nassau; one was an anonymous letter, giving us some information, from a party who professed to have gone out there from here; and I believe in the letter he said that he had had some conversation with me, and in response to the conversation he had made certain investigations, and he said I would recollect who he was. The information which he communicated was very vague, and he wound up by saying that he must have \$8,000 (or more) in cash, in advance, before he gave any more information. He signed this letter with some anonymous designation. That letter I also gave to the collector. I could not make out who the party was. All these letters the collector kept.

The name of the consul at Matamoras was L. Pierce, jr. The name of the consul at Nassau (I do not know whether he is consul now) was Seth C. Hanley, and the vice-consul's name was Thompson. I am pretty sure that I received one letter from Thompson, but I am not sure that I ever received a letter from Mr. Hanley. The name of the consul at Bermuda is Allen, but I am not quite confident of his first name.

Question. Did you ever make any private communications to either of these consuls?

Answer. None whatever, excepting these letters might be regarded in the light of *quasi* private.

Question. Did you ever have any private correspondence with them unknown, and to be unknown, to the collector, with reference to bonded goods?

Answer. I never had any communication with them, whatever, that was not of a nature to call out a response, which, if there had been any, and it had been of any consequence, would have been communicated to the custom-house authorities. In the sense in which I understood you to put the question, I never had any private communication with them whatever.

Question. When you left the office did you take any papers from there, claiming them to be private papers?

Answer. I did take what were strictly my private papers; I had a good many there which related to business wholly disconnected with the custom-house, and I am sure I took none that the custom-house had any right to.

Question. Were any consular letters whatever taken by you as private letters, or as belonging to yourself, privately, under the claim that they were private letters?

Answer. My impression is, not. I wish to explain about the Bermuda letters. Some of these came to me after I left the office, and were directed to the custom-house. Other letters of a strictly private character continued for some time to come to me, directed to the custom-house, but they did not relate to the business of the custom-house at all. I used to get these private letters as long as they came. They would lie there sometimes for a week before I would get them, but those Bermuda letters which came to me after I left there were all handed to the collector. If I took any letter addressed to me as deputy collector from any consul or otherwise, why, it was either a letter of no importance, or whatever it did relate to had been disposed of or passed away. My letters, I will say, used very often to come to me, though wholly of an unofficial character, addressed to me as deputy collector; and all the time I was in the custom-house this was very common. I should say here that I did take letters from the custom-house, addressed to me as deputy collector, which related to applications for office, some of them old and some of them fresh, asking my interposition in behalf of either the writer or some friend of his for some office in the custom-house; and, as I had ceased a good while before to undertake to interfere in these matters, I do not think I ever communicated all these letters to the collector.

By Mr. Le Blond:

Question. Among the letters you did take, were there any that disclosed facts pertaining to the vessel *José*?

Answer. None whatever, and for the best of reasons—that I never received any letter addressed to me from anybody in respect to the subject, that I have any recollection of, and I think I am right in my recollection.

By the chairman:

Question. Did you have any correspondence with any official or unofficial personage at Nassau, or any of the island ports, in any manner whatever per-

taining to the clearance, bonding, receipt and disposal of goods coming from this port, which was unknown, and to be unknown, to the collector?

Answer. Never; and I am very confident that I never wrote to any parties in those ports except the consuls, and I have already explained my acts on that subject. I speak of these matters with as much certainty as a person can who is being subjected to a cross-examination in regard to testimony which has doubtless gone in before the committee, and about which I know nothing. In the sense in which I understand you to put that question, I never had any such correspondence.

By Mr. Le Blond :

Question. I ask you if you received a letter or letters from Marshal Murray disclosing facts in reference to the *José*, or any other vessel supposed to be engaged in the improper business of taking goods for the purpose of being transhipped to the southern confederacy; if so, what were the contents of that letter or letters?

Answer. I will reply first in regard to the *José*. The case of the *José*, I think, arose some time in October last. The first I ever heard of it was, one morning an inspector, who occasionally had communication with my department, came into my office and informed me that he thought there were grounds for seizing or detaining (I do not recollect which) the *José*, a vessel which I understood to be cleared or was about to clear to some foreign port, I think Havana. I think I had a brief conference with the collector about it, but upon that point I am not quite sure; but, at any rate, I immediately issued an order for the detention of the *José* for examination; I believe those were the words I used. I think half an hour after this—certainly soon after—Mr. Clinch, the assistant collector, came to my desk with an open letter in his hands, very short and very brief, written by Marshal Murray, of this city, to Hiram Barney, collector of the port of New York. The letter stated in substance (for I cannot recollect its contents) that, from facts in the possession of the marshal, or which had been communicated to him, he thought there were grounds for detaining the vessel or for instituting an examination, or something like that. The letter was brought to me open; Mr. Clinch, the assistant collector, had read the letter; he called my attention to it; stood at my desk while I read it; and I stated to him that I had just given an order, on information communicated to me by an officer, for the detention of the vessel; he made a response somewhat like this: "Ah! then you have anticipated me." Whether I took the letter I do not recollect; but probably he left it with me. As I know that much has been said about this case—if not before this committee, certainly elsewhere—I wish to repeat that the letter in question from the marshal was written officially by him to the collector of the port of New York; officially went to the collector in the first instance, and was either opened by him or by his assistant, Mr. Clinch, and I know had been read and considered by Mr. Clinch. The letter was very short, and communicated no facts whatever, but spoke of some facts or information which had been communicated to the marshal. The letter was not addressed to me in any sense; I never saw it until after it had been opened in the collector's office proper, and, at all events, read by the assistant collector. I soon afterwards learned, in respect to the seizure of the *José*, that a collision had in some way arisen between the collector's office and the naval office, or some of their officers, or some parties in the surveyor's office, in regard to who had been the most vigilant in seizing the *José*. I understood that the naval office had information which, in the judgment of that office, authorized the seizure of the *José*. I was no party to any of the irritation that grew out of this conflict of jurisdiction, if I may call it by that name. This *José* was said to belong to a British subject. I think the day after she was seized (but whether she was seized the very day I gave the order I do not know) Mr. Barney received a letter from the British

consul at this port, asking him, in substance, why the José had been seized. He had a conference with me, and I stated to him that I thought there was no hurry in replying to that letter; that the case was under examination, and that I did not know yet the grounds upon which we should proceed. Just at that time a very severe domestic calamity had happened in the family of the collector; it was of the severest description, and it made him a good deal nervous about matters of business and everything else. I drafted a note, at his suggestion, to the British consul, saying, in substance, that the officers of the customs would make an examination of the case, and when they had arrived at the facts they would communicate them to him if it were deemed expedient. I think the matter rested there a day or two, or two or three days—perhaps no more than two—when the British consul wrote another letter to the collector, asking, in substance, if he had concluded the examination, and wanting to know what the reasons were for seizing the José. I think—and I am very confident of it—that then there was a conference between the collector or assistant collector and myself, (I am not sure that Mr. Barney was present much of the time,) in which the assistant collector and myself both arrived at the conclusion that the interference of the British consul in this matter, at this juncture, was uncalled for, and I suggested that we should not answer the letter at present; but about that time Mr. Barney again manifested great solicitude that there should be some answer framed; I told him the officers were examining the case, and that we were not ready to answer; that I understood the naval officer had some facts about it; so then there was a conference between the naval officer and the assistant collector and myself in regard to it, and the naval officer said he had facts sufficient to hold the vessel. I told him I was very desirous (as Mr. Barney being then in a painful situation) to relieve him, and I would like to have him name any facts, if it were proper, in order to answer the consul's note. The naval officer intimated that he had facts, but had not got them all, and I understood that he concurred with me in the opinion that the British consul was overdoing the matter; at all events, I believe Mr. Barney did write another note to the British consul, of a vague character, stating that we were examining the case, and we would let him know the result. Then there was another conference in the naval officer's room, in which I was present, the naval officer, and one of his deputies, and in that conference the naval officer remarked, in substance, "Well, if the collector's office releases the José I shall seize her again." I responded to it at once, "Mr. Denison, the collector will not release that vessel with my permission, for I think there are grounds for her detention; what I want to do is, to be able to write to the consul and relieve the collector's anxiety about this matter." I believe at that conference, or one immediately after, I suggested this course, viz: that, as I knew the general grounds upon which we must have seized the vessel, (if she were liable to seizure,) I thought the best way to get along with the matter was for me to write the ordinary letter to the district attorney, sending the case up for adjudication, and I said (for I saw there was a good deal of heat about the matter, which I did not understand, and which I think had been infused into the head officials by some of the under officers, who had been in collision about it as to who had been the most expert in seizing the vessel) "instead of quarrelling about this matter, let us make common stock of all the information we have got—and we may possibly need it all—for the condemnation of the vessel and the cargo;" thereupon (I cannot tell whether immediately or very soon afterwards) I drew up a letter in the usual form addressed to the district attorney (this letter to be signed, of course, by the collector as usual) saying, I have seized the José, and she is now lying at this port, and I have to request that you will institute proceedings for her condemnation under such and such clauses of such and such statutes. The rules of the custom-house require that all letters of an official character by subordinates should be first sent to the assistant collector, read and

approved by him, receive his check upon them, and then be laid before the collector, Mr. Barney, for his signature. Not long after the writing of that letter, that is, the same day, I think, I was sent for to the office of the assistant collector, (Mr. Clinch.) and he says, "the collector does not like to sign this letter as it is, though it is in the usual form," and he proposes this alteration, (and the alteration was in the handwriting of the assistant collector,) "from information in the possession of the naval office, and which the naval office deems sufficient for that purpose, I have seized the José," &c. I give the substance of this, which was in the handwriting of the assistant collector. The letter was now in such a form that it made it necessary to have it recopied. I took the letter and showed it to Mr. Franklin, the deputy naval officer, saying, that Mr. Barney proposed that this clause be put in that letter. "Well," says he, "I think I will show this to the naval officer;" so he took the letter, and I have no doubt he showed it to the naval officer. A letter went up to the district attorney, I believe, that day, but whether it had this clause in it, or some modified clause, I do not know; the case reached the district attorney's office, and was subsequently tried. Now, I wish to say that in these conferences—and nearly all of them were in the presence of the assistant collector—whether I alluded to that letter from the marshal, which the assistant collector had brought to me open, or not, I have no recollection; but I would as soon have thought, in a formal way, of calling his attention to the fact that he was assistant collector of the port of New York, duly commissioned and sworn, as I would to the fact of a letter from the marshal addressed officially to the collector, and which I never saw until it had been opened, certainly, by the assistant collector, and read by him, and brought to my desk opened, and which communicated to the collector's office no specific information at all.

By Mr. Rollins :

Question. Have you any reason to believe that the collector ever saw the letter?

Answer. When the assistant collector brought it to me I did not bestow much thought upon it, but I supposed that it had been opened and read by the collector, as other letters were read by him. It has been stated, if not before this committee, certainly outside of the committee, that I suppressed that letter, or withheld it from the knowledge of the collector. The charge is wholly untrue; and in regard to the fact of its suppression from the collector or his assistant, it is impossible that it should be true. There is not the slightest shadow of foundation for such a charge. The letter of the marshal made very little impression upon my mind, for the reason that it communicated no specific information, not a solitary fact; and in reply to what has been said elsewhere, if not testified to here, I wish to say that I never had any thought of taking any steps to release the José. On the contrary, I took all steps to hold on to her, and I never had any communication in respect to the José, or with anybody who claimed to be her owner or have any interest in her, except this, which I will give precisely as it occurred. I understood that the party who claimed to own the José was Joseph Eneas. While this matter was pending (whether it was before or after we had sent the case to the district attorney's office I do not know) Mr. Eneas, in the regular course of his business, came to my desk with a bond on a clearance of goods to Nassau. I stated to Mr. Eneas that I would not clear his goods until I had seen the collector. He asked me why. Says I, "I will let you know when I return from seeing the collector." I went to see the collector, but he was not in. I saw Mr. Clinch, the assistant collector, and I stated to him that Eneas had come to clear some goods for Nassau, and that I would not take his bond in view of the facts in respect to the José, unless I had the authority of the collector's department explicitly. He then asked me, in respect to the proposed clearance, if there was anything out

of the usual course, and I told him no. "Would you take the bond if the José matter were not in its present position?" Says I, "Certainly I should; it is in the regular course of business." "Then," said he, "I see no objection to your taking the bond." I then returned to my desk and proceeded to take the bond, and I think Encas asked me why I wanted to see the collector. I told him because I would not take that bond, in view of the facts in regard to the José, unless I had the special direction of the collector's department; and he made a remark just about like this: "The government has seized my vessel, and I mean to make it pay for her." That is the only interview I ever had upon the subject with Mr. Encas, and I never had any interview with anybody else, pending these proceedings, who claimed or was supposed to have any interest in the José. And of all the official acts that I ever performed, either in the custom-house or out of it, I never performed one in which my course of conduct was more straight-forward and undisguised, and done in more perfect good faith, than in respect to my connexion with the José. I know not what charge may have been made or implied in anything that has gone into the testimony, but I wish to say that any version of the matter which is not substantially in accordance with what I have stated is erroneously false.

Question. What time in October was this letter of Marshal Murray's written do you recollect?

Answer. I do not recollect, nor do I recollect whether it was submitted to me on the day of its date, but I presume it was, or the next day. I never saw it or heard of it until it was brought to me open by the assistant collector.

Question. How long before the seizure of the José did this take place, or how soon after the reception of the letter was the José seized?

Answer. I do not recollect. This case of the José was one in which, under the statute, it was deemed necessary, in order that the government should make out a case, that the vessel should actually commence her voyage, and, therefore, she might not have been arrested for a day or two after that, because she was to be arrested while sailing, so that it could be said she had commenced her voyage.

Question. This letter suggested that the marshal was in possession of evidence that would warrant the seizure of the José, did it not?

Answer. My recollection of the letter is substantially as I have stated it. I did not place much reliance upon that letter as governing my official action in respect to the seizure of the José; but I relied upon the information or facts which I understood the naval officer had in his possession.

Question. You had frequent conversations with the naval officer and Mr. Hanscom with reference to the proposed seizure of the José after the reception of this letter: did you communicate to them the contents of the letter, or say anything to them about it?

Answer. I do not remember whether I did or did not. I should think it very likely that I stated the fact that the collector had received a letter from the marshal upon the subject, but I am not sure that I did. At all events, there was no intentional suppression on my part, for all I knew upon the subject was also known to the assistant collector.

Question. You speak of not mentioning the matter to Mr. Barney. This letter was referred to you by Mr. Clinch properly, you being the proper officer having in charge that department: would not the letter naturally take that reference?

Answer. The letter would perhaps naturally be presented to me. The first question put to me in regard to this matter not only embraced the José, but spoke of other communications from the marshal. Occasionally, but very rarely, the marshal did address a letter or note to the custom-house upon these subjects, but, so far as I recollect, they were addressed to the collector. If I acted under them at all, as I have no recollection of any specific case, I

endeavored to carry out the views of the marshal, to follow out his facts, if they communicated any; but I have no recollection of any such specific letter from him upon this subject, except this one in regard to the José.

Understanding that the committee do not propose to ask me any more questions to-day, I wish now to state that yesterday the committee showed me a statement drawn by Mr. Dingley, or a copy of Mr. Dingley's statement, in which certain bonds were at that time said to be missing, and it also contained what he regarded as some irregularities in bonds. Looking at the statement, inasmuch as the bonds are only given by their recent numbers, it is impossible for me to give any information upon the subject at the present time, until I can have an opportunity to examine and ascertain what the bonds are as indicated by the numbers; and I wish to reserve the right, if that testimony is deemed of any importance, to examine that table specifically, when I can do it without any inconvenience to the committee, and then make a statement, if I shall deem it important, in regard to it. I am willing to accommodate the committee by making that statement in writing in respect to these bonds, and under oath, and I would like an opportunity at some time to do this. I would also state that if any evidence has been given in here before them, either by way of report from the custom-house or otherwise, of a specific character in regard to certain and particular bonds, whether they are missing or irregular in any particular, or in any manner touching them, I would like the opportunity to be able to examine the records at the custom-house, and give testimony in regard to them, if it seems important.

MARCH 24, 1864.

H. B. Stanton recalled.

The committee will recollect that, at the close of my examination on yesterday, I stated that I thought it possible, inasmuch as some of the bonds upon which they had examined me had not been for some months particularly before my mind, that I might, therefore, have erred in my recollection of some of the facts, and that, perhaps, upon mature reflection, I might wish to come in the next day and correct errors upon other points, if any were made by me. The committee granted me the privilege to do so. Before the examination was concluded yesterday, I began to think that I had made one or two errors, which I now wish to speak of, in regard to money which clandestinely came to my house. Upon mature reflection, and after conversing with some of my family, I think there were three instances of this kind. I believe I did not state otherwise in my testimony of yesterday, though, perhaps, that might be inferred from what I said. I am now of the opinion that there were three, but no more. Whether one of these three envelopes containing money first came to the custom-house, as seemed to be implied in the questions put to me yesterday, and thence to my dwelling-house, I cannot positively say. It may have been so. If it was, then, if I had any agency in it, it must have been something in this way: Nearly all unofficial letters and notes for me came to the custom-house. I received many such letters and notes in a day. If pressed with business, my habit was to put them in my pocket unopened as they came, and to take them to my house. It is clearly within my recollection that it has sometimes happened that such letters were for the moment laid aside at my house, and then through forgetfulness allowed to lie unopened for three or four days, perhaps longer. It might occur that some envelope containing money, and nothing more, and which I supposed to be a letter, might have been left on my desk, or even handed to me at the custom-house, and be that day taken to my house with other letters and remain unopened for three or four days or more; and if afterwards I found it, I supposed that it had been originally left at my house. I recollect that two or three letters containing money, or drafts, and which had

no relation at all to custom-house matters, did go through this round during the last year. Returning particularly to and speaking of one of the three instances about which I am testifying, it might have occurred in the way mentioned. In my testimony yesterday I stated that I was under the impression that these occurrences took place in July or August, but I was not quite certain. Since I then testified, I have refreshed my recollection by comparison of dates with other matters whose dates I can fix. I am now of the opinion that one or two of these occurrences were as late as September, and perhaps the last one was even early in October. I think the first one did not occur until August, but it may have been late in July. I now think that the interval between the occurrences was longer than that stated in my testimony of yesterday, where I stated it was three or four weeks. I now infer it must have been longer; but I cannot speak positively about any of these dates. If the first envelope, or any of the others, as seemed to be implied in one of the questions yesterday, contained any written line or memorandum, it must have been very brief, and certainly gave no clue to the source from which it came. I do not recollect that there was any. So, too, if there was any mark on the envelope, it did not arrest my attention. I am sure there was no conspicuous mark, (and so think some of my family,) and my recollection now is, supposing they were regular letters, that the envelopes were pretty much torn up in the opening. Since I testified yesterday, it has been brought to my recollection by a member of my family that on the occasion when one of these envelopes was brought to my house I was at home. It was in the evening, and I understand it was a pretty dark evening. A person rang the door bell, stood upon the steps, handed in the envelope, which, of course, looked exactly like a letter, and immediately left. It does not seem to be certain who received the envelope. Certainly I have not the faintest idea of who the person was that delivered it. This was not the first occasion—perhaps the second. I am pretty sure that the sum enclosed in the first envelope was \$200. I am also pretty sure that the sum in one of the others was \$100. In regard to the other, I cannot, after the best recollection I can bestow upon the subject, say whether the sum was \$100 or \$200. The balance of my judgment inclines to the latter sum, because it also inclines to the opinion, upon examination since yesterday, that the sum total received in the way mentioned was \$500, rather than \$400. But I may be mistaken in supposing that it was more than \$400. On the other hand, it is barely possible there were four such occurrences, rather than three, which made up the aggregate.

Referring to my testimony of yesterday, I will add to it by saying that I did not suspect that Hoffnug was sending me this money, because I could conceive of no reason why he should. I had nothing to do with his business, except officially—never exchanged a word with him in regard to it, except officially at my desk, according to my best recollection, and never did him any favor, and never contemplated doing him any, nor did I suppose him the principal man in the business in which he appeared as a party. I think I could say that I hardly knew him by sight. As to intimating to any one whence I thought the money came, as implied in some of the questions yesterday, I never intimated anything upon this subject, except as already stated, (I believe yesterday,) when making some indefinite remark while trying to get a clue to the transactions; and if any persons understood me as pointing particularly to Hoffnug, they were mistaken, for the reasons just stated, though if any such persons *knew* that Hoffnug was the man, they, of course, might easily misunderstand me.

I made a slight error in my statement yesterday in saying that certain money was embezzled *from me*. The precise fact was, that a pretty large sum of money had been collected for me by an attorney, and belonged to me, and had been embezzled from *him* by a person knowing this fact; and this fact of embezzle-

ment a relative of the party desired me to keep secret, on his assurance that he would refund it to me as soon as possible, and having just before these transactions been pressing hard for payment, I did think it possible that the moneys in question were instalments on that debt. As to suspicions concerning the custom-house, I will add to what I stated yesterday, that however it might have been before, yet, when charges in regard to alleged irregularities in my department, and to the alleged abstraction of bonds, and negotiations on that subject, and some alleged facts in relation to matters connected therewith, first came to my knowledge, and about which before I had never heard, known, or suspected anything, I did then seriously suspect that the sending of this money to me had been intended in some way to mix me up in and embarrass me in regard to some past or contemplated future transactions of some sort in the custom-house, which parties might have thought would ultimately come to my knowledge. However, I have not yet been able to satisfactorily arrive at any definite judgment on this point.

But dismissing conjecture, I wish to say on this point, in the broadest sense in which the terms can be interpreted, that from whatever source or sources this money came, if it in any way related to custom-house matters, it did not come to me in accordance with any expectation of mine, nor with any previous knowledge of mine, nor in consequence of any exaction, solicitation, agreement or understanding on my part, either express or implied, direct or indirect, with any person or persons whatsoever, either in relation to any past, pending or contemplated transaction whatever, nor in consequence of it did I ever perform any act or omit to perform any act whatever.

In reflecting upon what I said yesterday in regard to the José, and without having the testimony read over to me, I think that I have been in error perhaps in regard to the chronological order in which I have stated some of the occurrences. But I do not wish in this to modify in any degree what I understood to be the main fact that there was no suppression by me of the letter of the marshal to the collector. And I wish further to say, if I should hear all the testimony read which I have given, I might, doubtless, detect some other errors, and very likely I might wish to modify it upon mature reflection, for I have been testifying about matters, many of which long since passed, and which involve dates, amounts, names, conversations and particular facts and transactions respecting an office that had in it probably ten thousand papers of various sorts, and in respect to many of which I had to perform two or three official acts each, and often under a great pressure of business, and always with an inadequate clerical force. Therefore, I may have committed errors in relation to my testimony which I ought to correct, and I may have likewise erred in the transaction of some of this great amount of business.

By Mr. Le Blond :

Question. What amount was embezzled from this attorney of yours ?

Answer. I cannot state the precise amount originally embezzled, but the amount due to me upon that transaction last summer was more than a thousand dollars.

Question. To whom did you communicate the fact of the receipt of these several sums of money ?

Answer. To some of my family.

Question. To any one else outside of your family ?

Answer. I think not definitely and explicitly until after what may be called these difficulties arose, and then I stated the facts in a general way to a lawyer who was acting as my adviser.

Question. If this money had come through your attorney, or the party who gave you the assurance that he would make an effort to have the money refunded to you, would he not have stated the fact in a letter accompanying the money ?

Answer. I did not suppose that it came from the attorney or the party who had given me the assurance, but I supposed that it came from the implicated party, who I understood (though I do not know the fact) had never admitted the fact. I never spoke with that party about this embezzlement.

Question. Could a person, at the time you were in the custom-house, stand upon the outside in the aisle and look through the window and discern persons at your desk, or persons standing there talking with you?

Witness. Do you mean outside of the office entirely and on the gallery?

Mr. Le Blond. Yes, sir; where that walk is terminated

Witness. You mean the inner gallery?

Mr. Le Blond. Yes, sir.

Answer. My impression in regard to the character of that window is not very distinct, but I believe if the door were closed they could not; and my impression also is, that for very much of this time a high bookcase stood right before and against that door in my office.

Question. Did the high bookcase stand there at the time that these Middleton bonds were given to you, or at the time that they were alleged to have been abstracted?

Answer. Waiving the question as to my want of knowledge of the main fact that they were ever abstracted, I cannot give the dates in any close approximation, even assuming it was done.

Question. Do you know by general report when they were taken or abstracted?

Answer. They were, I believe, said to have been taken during a portion of the summer and fall of 1863. Speaking from the same authority, I think they were not taken at all from what may be called my room, for that was not the room where the bonds were kept, but it was the outer room.

Question. At that time in the summer or fall of 1863 did the high desk stand against this door?

Answer. I should think not all this summer, because we did sometimes have that door opened; and as to the following fall, so early as September and October, I cannot speak positively.

Question. Then, if the desk was not against the door, could a person from the outside see into your room so as to discern a man sitting or standing at your desk?

Answer. I dislike to speak positively upon this point, because my impressions about the character of that window are very vague. If I could go and see the window I would be willing to give an opinion. My best impression is, as stated yesterday—that is, that a person could not see through.

Testimony of D. Cady Stanton.

NEW YORK, April 18, 1864.

D. Cady Stanton sworn.

By the chairman:

Question. Are you the son of H. B. Stanton, late deputy collector?

Answer. Yes, sir.

Question. How old are you?

Answer. I am in my 22d year.

Question. Were you employed in the custom-house during your father's connexion with it?

Answer. Yes, sir.

Question. How long were you employed there?

Answer. I was there from September, 1861, until the 28th of October, 1863.

Question. In what capacity?

Answer. Bond clerk, I suppose. I had charge of bonds principally.

Question. Were you in the same room with your father?

Answer. No, sir.

Question. Did the rooms connect or adjoin?

Answer. Yes, sir.

Question. What did your duties consist of as bond clerk?

Answer. I used to make out the bonds, and see to filling them out; and when Mr. Waddell was hard pressed I assisted him in making out a statement of the seizures.

Question. Who gave you directions as to how the bonds were to be made out?

Answer. There were three or four forms, and they were copied in a book, by which I could always tell. In some important cases I would confer with my father or Mr. Waddell, chief clerk.

Question. Unless there was something unusual, you would take these forms and make out the bonds by them?

Answer. Yes, sir.

Question. When you had filled out the body of the bonds, what was the next step?

Answer. To have a revenue stamp put on—to see that it was put on before the parties went in to swear. We sent them in to my father; if he was not there, Mr. Waddell would attend to it.

Question. Did you take them in to your father?

Answer. We would send them in with the parties; father never took them until after the bonds were given.

Question. Did you ever act as subscribing witness?

Answer. Sometimes. Mr. Scott would sometimes or Mr. Waddell; I did, as a general thing.

Question. After the bonds were signed, and the parties had justified, what became of them? Were they brought out to you?

Answer. No, sir; father would keep all the bonds in his desk until the next morning. Of course, he did not have time during office hours to register them; and the next morning, after he had looked them over carefully to see that they were correct and seals and stamps on, he would then send them out to us, and, if Mr. Scott was engaged, I would record them and file them away.

Question. They were not recorded in the room where your father was?

Answer. No, sir; they were simply left there. He had them locked up in his desk over night, and in the morning, when he came, I would go in generally and ask for the bonds, or Mr. Scott would.

Question. Were they invariably locked up in there?

Answer. Yes, sir.

Question. Locked up by him, and he had the key?

Answer. Yes, sir; that is, when he was there.

Question. You know probably that the committee are aware that bonds were given up. The committee would like to have you state who first negotiated or talked with you about the giving up of these bonds—how came it to happen, and about what time.

Answer. I think it commenced about the latter part of June, or the 1st of July, 1863. I think the first one who spoke to me in relation to it was Henry Clay Smith, but I am not positive about it.

Question. Do you recollect how he came to accost you or introduce the subject?

Answer. No, sir; I don't know as I do, but I think it was in the office, rotundo, or water-closet—I don't remember exactly where it was.

Question. Did he say that he had been accustomed to obtain these favors before?

Answer. No, sir; because the bonds were never authorized, and we did not do anything about them until 1862 some time.

Question. You do not recollect how he introduced it at first?

Answer. No, sir, I do not.

Question. Are you certain in your own mind that he was the first one who approached you upon the subject?

Answer. I am certain of that.

Question. Do you recollect the nature of the proposition he made to you—what inducements he held out to you?

Answer. He offered me \$25 if I would abstract the bonds. He told me they would not be worth anything. I did not want to do anything, and I hesitated for three or four days, if I remember right.

Question. And after that you did abstract bonds?

Answer. Yes, sir.

Question. Were there any obstacles or difficulties in the way of doing it; was there any one else in the room with you at the time?

Answer. No, sir.

Question. Did you occupy the ante-room alone?

Answer. No, sir; Mr. Waddell, the chief clerk, was there, Mr. Scott and two messengers.

Question. And this thing could be done without their knowledge?

Answer. Yes, sir.

Question. Will you tell us how the thing was brought about, so that Mr. Waddell and the other persons in the room should not know anything about it?

Answer. Smith would sometimes meet me outside of the custom-house after office hours, or he might see me going to the water-closet and follow me there, or he might see me at the office some time when Mr. Scott and Waddell were out at lunch. The messengers were not inside of the rail. He might come up to the rail and speak to me.

Question. What time of the day could you take the bonds from the desk, so as not to be seen by those in the room?

Answer. I could take them almost any time of the day. We had to have a great many bonds in and out all the time, getting them ready to cancel. Some parties would be coming in to have bonds cancelled, or Mr. Barney would want to see some bonds, or Mr. Denison and we had to keep getting them in and out all the time. Sometimes we would have five or six stocks down—stocks of a hundred each.

Question. Do you recollect how many bonds were given up by you to Smith?

Answer. I think six or seven—not to exceed eight.

Question. Were there any other parties besides Smith who approached you and negotiated for the abstraction of bonds?

Answer. I think Mr. Boyd did, but I am not positive as to that. I told Mr. Barney that I thought I abstracted bonds for Benjamin & Co., but I have since heard that they have looked the bonds over, but do not find any.

Question. Were there any incidents or particulars attending the delivery of any of these bonds to Smith, that you now recollect, that made one transaction different from another?

Answer. They were all about the same. He used to come into the office and ask me if I had that memorandum made for him. He meant, if I could get that bond for him.

Question. Were these bonds given up immediately, in any instance, before the ship had left port?

Answer. No, sir.

Question. They could not have been given up until the day after they were executed?

Answer. No, sir.

Question. You have no remembrance of any bond being given up until some days after its execution?

Answer. No, sir.

Question. Did you ever have anything to do with the cancellation of these bonds?

Answer. Yes, sir. I did, along in 1862, when they began to be a little afraid of the certificates not being genuine. I did not after that. If you will look over the bonds you will see some of them are cancelled.

Question. You simply cancelled them and filed them away?

Answer. Yes, sir.

Question. Who gave directions for cancellation?

Answer. No one gave directions. The clerks always used to cancel—Mr. Waddell, Mr. Palmer, and Mr. Scott.

Question. Who passed up the cancellation certificates to see if they were satisfactory?

Answer. Mr. Waddell, chief clerk, or father did. Father was away six weeks, a year ago last spring, and then Mr. Waddell passed them, and at one time Mr. Palmer did. We knew exactly what kind of certificates were required, and if they did not produce them we would not cancel them.

By Mr. Le Blond :

Question. Whose bonds were those that were abstracted?

Answer. Middleton & Co.'s, Exchange Place.

Question. How many bonds of Middleton & Co. were abstracted?

Answer. Six or seven, or eight—not to exceed eight.

Question. Were there any other bonds save and except the Middleton bonds that were abstracted by you?

Answer. No, sir.

Question. Have you any knowledge, either directly or indirectly, of any other bonds, aside from these Middleton bonds, that have been abstracted?

Answer. No, sir.

Question. In what way was this subject of abstracting the bonds commenced, and by whom?

Answer. It was commenced by Henry Clay Smith. I do not remember now how it was commenced.

Question. Do you remember where the subject was first suggested to you?

Answer. It was either in the office or in the water-closet, or in the building.

Question. Had you been on very intimate terms with Smith?

Answer. No, sir. No more than I was with other brokers there. I saw him every day, and of course I knew him.

Question. You barely knew him as a business man?

Answer. Yes, sir. I never knew him before I went into the custom-house.

Question. Had you at any time previous to this had any conversation with Smith upon any subject other than upon mere business transactions pertaining to the office?

Answer. No, sir.

Question. What was the language used by Smith when he made this suggestion to you? Did he commence talking in a roundabout way, or did he directly propose to you that upon your surrendering up these bonds he would pay this money which you have already designated?

Answer. Yes, sir. I think he mentioned once without its being in a roundabout way, but I do not remember how it was.

Question. What arguments did he make use of to induce you to do this?

Answer. I don't know. I did not want to do it, and he kept at me a good while, every time he saw me.

Question. Then, as I understand, you refused to grant his request upon the first interview?

Answer. Yes, sir. I refused a good many times.

Question. When did he next see you?

Answer. He used to see me every day.

Question. Would he suggest this matter to you upon every occasion when he met you?

Answer. Yes, sir. He would hint at it in some way that I would understand. He would ask me if that memorandum was ready—meaning by that, the bond—and I would tell him no; and then he would say, When can I have it? I would say, You cannot have it at all; and then he would ask me just as I was going home.

Question. Why did you understand that he meant these bonds, when he spoke of a memorandum?

Answer. I could tell by his looks more than anything else.

Question. How long was it from the first time that he suggested this matter to you, before you finally consented to deliver up these bonds?

Answer. It was a good while; I do not remember how long.

Question. About how many days or weeks?

Answer. It was some weeks. He did not keep talking to me all the time, but it was from time to time.

Question. How long had these bonds been given before you gave them up?

Answer. I do not know how long it was. Some of them might have been on file three or four months. I do not remember when they first commenced to give bonds.

Question. What was the shortest time from the giving of the bond until it was surrendered up?

Answer. About a week was the shortest time on any one of these bonds.

Question. With others, you say it may have been two or three months before they were given up?

Answer. Yes, sir.

Question. When Smith came to you and asked you about these bonds, did he, after coming into the room where you were, go into your father's room?

Answer. No, sir, I think not, unless he had business with him.

Question. Do you recollect his going to your father's desk at any time for the purpose of getting these bonds?

Answer. No, sir. He used often to come in with parties for whom he was getting bonds made out, to assist them there.

Question. Did he, at any time when he came there and spoke to you about these bonds, have other bonds that he was about to negotiate?

Answer. Yes, sir.

Question. Did he bring in securities to go upon other bonds at the same time he was negotiating with you about these bonds?

Answer. I think he did. He would bring up, sometimes, two or three parties, for different bonds, at the same time.

Question. Were you acquainted with the security upon these Middleton bonds?

Answer. I only knew Mr. Conklin by sight. I was not acquainted with either of them.

Question. At any time that Smith came to see you about getting these bonds, did you see Mr. Conklin there?

Answer. I do not remember. I never spoke to him unless it was about business.

Question. How long, generally, did your father keep the bonds that he would take during the day, at his own desk, before they were delivered up?

Answer. He would always keep them over night, and before they were recorded, in the morning, he would look them over to see if they were correct—

to see if the acknowledgments were signed by him and the witnesses were all right.

Question. When did you first communicate the fact of bonds being abstracted to any one?

Answer. I first communicated it to my cousin, Mr. D. C. Eaton, a lawyer, at 7 Pine street.

Question. How long was this after the abstraction of the first bonds?

Answer. I think it was about a month or six weeks.

Question. How many had been abstracted at the time you communicated this fact?

Answer. One.

Question. What was the consideration you told him had been paid for that one?

Answer. I think it was for twenty dollars.

Question. How long after you communicated that fact before any other bond was surrendered up?

Answer. That I don't remember.

Question. About how long?

Answer. It might have been a month.

Question. Then how long after the giving up of the next bond before another one was given up?

Answer. I don't know. It might have been the same length of time. I don't remember.

Question. Was there more than one bond given up at a time?

Answer. No, sir.

Question. What did your cousin say to you at the time you told him about this?

Answer. He told me I ought not to have done it. I told him that Smith persuaded me into it, and I told him that if he would not say anything about it to father, I would not do it again.

Question. Did you tell him what amount of money you got for surrendering it up?

Answer. Yes, sir.

Question. Did you tell him the reason why you surrendered it up?

Answer. I told him that he coaxed me into it.

Question. Did you tell him the arguments made use of by Smith to induce you to do this?

Answer. I think I told him that he was trying to persuade me a good while.

Question. Did you afterwards tell him again that you had given up other bonds?

Answer. I am not certain whether I did or did not.

Question. Did you tell anybody else aside from him?

Answer. No, sir.

Question. Are you sure that you did not tell him or some others, before this thing got out and made its appearance in the papers, that you had surrendered up other bonds?

Answer. No, sir. I think I did not.

Question. Did you and Smith have any controversy as to the amount you should be paid for the abstraction of the bonds?

Answer. He told me that he would give \$25 if he could; if he could not, he would give \$20. I understand that he got 500 or 600 dollars for a bond.

Question. Did you ask him to give you a greater amount than \$25?

Answer. Yes, sir. I told him that I thought I was selling myself too cheap.

Question. Was there a bond by Middleton & Co., amounting to some \$34,000, which you gave up to Smith?

Answer. No, sir.

Question. Do you recollect Middleton & Co. executing a bond to that amount?

Answer. No, sir; it might have been done last July. I was sick three weeks.

Question. Was there any one of these bonds surrendered up within a week after it was executed and delivered?

Answer. I think there was one delivered about a week after it was executed.

Question. Was there any bond abstracted before the vessel left the port?

Answer. Not by me.

Question. Have you at any time since this thing has become public had any conversation with Smith?

Answer. Yes, sir; I did in his office one day. I asked him if he could let me have some money. I told him that he had made a good deal of money out of it, and I did not like to stay here because everybody was talking about it, and I wanted to go off. I told him that he had made enough out of it to help me off. I told Mr. Barney that I would like to go, and he said I could go away for some time if I would come back.

Question. What did Smith say to you?

Answer. I do not recollect what his answer was.

Question. Did he refuse to give you the money, or did he give it to you?

Answer. He did not give it to me.

Question. Have you been examined by Mr. Jordan or Mr. Bailey in reference to this matter?

Answer. No, sir; I was before Mr. Barney, at his house.

Question. Not to give testimony?

Answer. No, sir; that written statement of mine is what I told Mr. Barney.

Question. You were not under oath at any time?

Answer. No, sir; that I gave when everything was fresh in my mind.

Question. When did you first have a conversation with your father in regard to this matter?

Answer. The first time he ever spoke to me about it was the evening of the 28th of October, 1863, when it first came to light.

Question. What did you say to him?

Answer. I think I did not say much of anything to him; he was talking to me.

Question. Did you acknowledge this matter to him, or did you deny it?

Answer. I don't know which I did; I don't think I acknowledged it at first; I think afterwards I did; I don't know that I told him anything about it at first.

Question. Did any other parties offer to give you money to surrender up their bonds?

Answer. No one but this man Smith; I thought Mr. Boyd did.

Question. Was he a broker?

Answer. Yes, sir; he was a broker for Benjamin. I said that I thought that I had given up bonds for Benjamin, but since that I have heard that they have examined all the bonds, and do not find that to be the case; I am not certain about it; I told Mr. Barney that I thought I had, and he had the bonds examined.

Question. Did any persons other than brokers ever suggest that such a thing might be done?

Answer. No, sir.

Question. Have you had any more than the one conversation that you speak of, since this matter was known, with Smith?

Answer. No, sir.

Question. Did you ever receive any money for the transaction of business at the custom-house in any other way than except your salary and this abstraction of bonds?

Answer. I used to make certified copies of bonds out of office hours, and as

a general thing I used to charge fifty cents or a dollar; it was allowed as extra work. For instance, the United States consuls and the provost marshals at different places would not cancel the bonds unless they had a certified copy, and we got overrun with them at one time, and some said we had better charge something, and they would not overrun us. I would make certified copies of the bonds out of office hours. Mr. Scott used to do that, Mr. Waddell, and my father.

Question. Are you certain that you never delivered up not to exceed eight bonds to Smith or anybody else? *

Answer. Yes, sir; I am positive of that.

Question. What was the amount of money that Smith paid you in the aggregate?

Answer. The amount he paid me never exceeded \$25 for each bond; I do not think I took more than seven; it might have been eight; I know it does not exceed eight; he paid me from \$20 to \$25 each.

By the chairman:

Question. Do you recollect whether Eneas ever got one of these bonds?

Answer. Not from me.

Question. Who is Eneas's broker?

Answer. I think it is Godwin.

Question. Did Eneas have a brother that shipped some goods?

Answer. I don't know his brother.

Question. Did you ever have anything to do with Smalley?

Answer. Yes, sir; he was in the office there during the spring of 1862, during father's absence.

Question. Did he have anything to do with this bond matter in any way that you know of?

Answer. He used to be in there; when father was away in Washington he used to be there to help Palmer and Mr. Waddell. Mr. Waddell was chief clerk. At one time Palmer was assistant chief clerk, and Mr. Smalley was notary, and Mr. Palmer was not at that time, and he used to have Mr. Smalley there to swear parties, instead of going out and getting somebody else.

Question. Did you know Palmer well?

Answer. I was never very intimate with him; I knew him as one of the clerks.

Question. Did he ever have any knowledge of the abstraction of these bonds?

Answer. No, sir.

Question. Were any of these bonds ever cancelled, to your knowledge, by yourself, without the production of the proper certificate?

Answer. No, sir; I never cancelled them without a certificate.

Question. Do you recollect of any instance that ever occurred of dating the cancellation back?

Answer. No, sir.

Question. Or in the giving of bonds, either?

Answer. No, sir; it would be detected right off, when we were registering them.

Question. Do you know of any other improprieties or improper practices among those now in the custom-house employ, that the committee ought to know?

Answer. I do not.

Testimony of Samuel Myers.

NEW YORK, April 18, 1864.

Samuel Myers sworn.

By the chairman :

Question. Do you reside in this city?

Answer. Yes, sir.

Question. How long have you resided here?

Answer. About fourteen years.

Question. What is your occupation here?

Answer. I am a commission merchant.

Question. Buying and selling and shipping goods?

Answer. Yes, sir; shipping very little.

Question. You execute orders for goods?

Answer. I have done so.

Question. To what part of the country have you been in the habit of doing this business?

Answer. I have been shipping goods to Nassau.

Question. How long have you been in that trade?

Answer. For the last nine months; it may be a little longer, but not more than that.

Question. Did you not have anything to do with it before?

Answer. No, sir. I was not in the city; I was at Saratoga springs; I came back here from Saratoga springs last May, and went to live at Staten Island.

Question. Do you know Mr. Isaac P. Hussey?

Answer. Yes, sir.

Question. Where did you meet him first?

Answer. At Mr. Turner's, Park Place.

Question. When was that?

Answer. It was last summer, or in the fall of the year.

Question. Do you recollect who was present at the same time at Mr. Turner's?

Answer. There was Mr. Turner, Mr. Hussey, and another gentleman whom I did not know.

Question. Did you afterwards know who it was?

Answer. I did not; I only knew it was a person from Richmond, as I understood.

Question. Was there any conversation at that time with Mr. Hussey about transacting business with the Confederate States?

Answer. None whatever.

Question. About shipping goods?

Answer. None whatever.

Question. You afterwards met Mr. Hussey several times on the boat betwixt Staten Island and New York?

Answer. Yes, sir.

Question. Did you have any conversation with him at these times with reference to matters of this kind?

Answer. I had a conversation with him relative to these matters; he explained to me that he could get bonds cancelled at the custom-house, but I had no conversation with him with regard to shipping.

Question. How did he say he could get them cancelled?

Answer. Through a friend of his who was in the custom-house; and by paying something like 5 per cent. he could get these bonds cancelled.

Question. How came this subject to be introduced between you?

Answer. He saw me at Mr. Turner's, and he met me afterwards.

Question. Did you have any conversation at Mr. Turner's about these bonds?

Answer. No, sir; having seen me at Mr. Turner's, he came and sat down by my side in the boat, and spoke to me about the confederacy; he was an entire stranger to me then.

Question. Was Mr. Turner engaged in shipping goods there?

Answer. I do not know whether he was or was not. Mr. Hussey said that he had a friend in the custom-house through whom he could get his bonds cancelled; he said that he would introduce me to him; he first introduced me to a person who kept an office in New street, Mr. Conklin.

Question. And you learned from him that bonds could be cancelled?

Answer. Yes, sir; Mr. Hussey said he would introduce me to another party.

Question. Did he do so?

Answer. Yes, sir; to Mr. Hanscom. The first time I was introduced to Mr. Hanscom, he said he could get the bonds cancelled.

Question. About what time was this?

Answer. I think it was near the fall; it was in the summer. He told me that he could get these bonds cancelled; it was not for myself, but it was for Mr. Eneas, who wanted bonds cancelled. He asked me to ask Mr. Eneas what he would pay to get his bonds cancelled. On account of the smallness of the sum Mr. Hanscom said that he thought it was not worth while, as the amount of the bonds was only 1,300 or 1,400 dollars.

Question. Did the negotiation proceed any further?

Answer. Not upon that point.

Question. What other negotiations did you have?

Answer. Mr. Hussey met me again on the boat, and told me that Mr. Hanscom would like to see me again. Mr. Hanscom made a proposition to me at the office of Mr. Conklin, in New street, to get two or three parties to charter a vessel, for whom I would ship, and after they had chartered it they could get the bond cancelled, and when the vessel was on her way down the harbor they could take and confiscate it, and if so they would give me in proportion what I was entitled to. I objected to it, and said that I would not go into business of that kind, and for two or three weeks after I heard no more of it until I received a letter from Mr. Denison requesting me to call upon him.

Question. Had you ever seen him before?

Answer. Never. In fact, I did not answer his first letter. He sent afterwards for me to wait upon him. I immediately went with a Mr. Lewis and I saw Mr. Denison. Mr. Denison asked me if I had been in Nassau, and knew several parties there. I told him that I had been there once. The first observation he made to me was, "I have sent for you; you did not reply to my letter." I replied, "I did not know you; I never saw you before." He said, "I have the power of sending you to Fort Lafayette, and unless you give me sufficient information of what I want I will send you there." There were two persons in the room. After they had left the room he asked me, "Do you know parties at Nassau?" I told him that I knew a great many by reputation, and many of them are here. He said, "If you can get the information I want, you will be able to make a large amount of money, for which you will have your share." I told Mr. Denison that I had heard that before. I refused to entertain any application. He said, "My office is open for any information you can give, and I would like to have it." I did not see Mr. Denison for some time after that. When the Corsica came from Nassau she was boarded by the officers, and there was a large amount of exchange taken from her, among which was some exchange belonging to Mr. Woolf, amounting to 4,000 pounds. Mr. Woolf is my son-in-law. I called upon Mr. Denison and requested him to give up that exchange belonging to my son-in-law, and also some private letters. He hesitated at first, and told me to call next day. He gave them up to me, and I gave him a receipt for them. Previous to that he asked me with regard

to Joseph Encas, whose trial was pending before Judge Betts. He asked me to negotiate with Encas; that if he would pay \$25,000 they would let the suit go.

Question. What was the suit for?

Answer. For the confiscation of the *José*—the steamer that was taken from Encas. I called upon Mr. Encas, (he was in the city,) and I told him exactly what Mr. Denison said. Encas said, "I will not give my consent; my papers are before Lord Lyons, and I am satisfied that I am innocent in this case; you may give my compliments to Mr. Denison, and tell him I will stand this suit." I went back and named to Mr. Denison what he said. Mr. Denison then said to Mr. Hanscom, (Mr. Hanscom was then there,) "Hanscom, do you think he will give \$5,000 or \$10,000;" Hanscom replied, "I do not know;" and then he said to me, "you ask him." I went again to Mr. Encas, and I asked him if he would give \$5,000 or \$10,000, and Encas said, "I will not give a cent," and I brought that message back. Shortly after this I applied to Mr. Denison for the purpose of getting the £4,000 of exchange belonging to Mr. Woolf, together with his papers. My son-in-law, Mr. Woolf, was, at the time, on the outside of the naval office waiting for me. When I asked Mr. Denison, he said "No, that he would not give them up;" and he asked me if there was anything he could do for me. I said, I wish you would do this in particular; to which he replied, "I don't know why I should give you this; what is the reason you have asked me?" I told him that Mr. Woolf was outside of the door, and I opened the door and Mr. Woolf came in, and I introduced him to Mr. Denison as my son-in-law, and I said to him that he had no connexion with the other Woolfs with whom Benjamin was connected. He examined Mr. Woolf very closely, and he told me to call on him the next morning. I called upon him the next morning, and I had about half an hour's conversation with him. He said, "I did not know that Woolf was your son-in-law; if you will give me a receipt, I will give you up the £4,000 exchange and letters, with the proviso that you return me this one letter back." It was a letter addressed to Mr. Woolf. He gave me that letter, which I took to Mr. Woolf, and in the afternoon I returned him that letter and he gave me up the 4,000 pounds exchange and some private letters which had been opened, and I left him.

Question. Have you had any conversation with Mr. Hanscom or Mr. Denison since?

Answer. No, sir; I have seen them, but I have had no conversation with them upon any subject.

Question. Did you ever make an affidavit about these matters?

Answer. Yes, sir; for my son-in-law. It was given into the hands of the British consul, not to be used on any occasion unless it was required. I never intended to take any step in the matter, because I had no interest in it, directly or indirectly. Mr. Woolf, previous to leaving for Europe, mentioned this circumstance to Benjamin, and Mr. Campbell, his lawyer, called upon me, stating that that affidavit had been read by Mr. Benjamin. This affidavit was in the hands of the British consul, and I believe Mr. Barney called upon the British consul to know the contents of it. Mr. Woolf was at the "Lafarge Hotel," and this affidavit was sent back to Mr. Woolf, and, I believe, it was there shown to Mr. Benjamin or Mr. Woolf, or some one connected with Benjamin and the Woolf party.

Question. At whose request did you make that affidavit?

Answer. The first affidavit was at the request of my son-in-law, Woolf.

Question. At whose request did you make the second?

Answer. At the request of Mr. Campbell, Benjamin's counsel. He came to me and asked me if I would have any objection to making an affidavit. I want to observe one thing: that during the time this steamer (the *Corsica*) and all these goods were seized, Mr. Hanscom and Mr. Denison wanted me to go to sev-

eral of the parties. I called upon Aaron and John Woolf. I had never known them before. I called upon them to see how much they would give to get their property back.

Question. Who directed you to do that ?

Answer. Mr. Denison and Mr. Hanscom directed me to go and see how much they would give to get their property back, amounting to some \$25,000.

Question. Where were you when they requested this ?

Answer. In the office of Mr. Denison himself.

Question. Who was present ?

Answer. No one but Mr. Denison himself. Mr. Denison afterwards went out, and then Mr. Hanscom came in. At one time Mr. Hussey was present, but not upon this occasion.

Question. Did you go to the parties ?

Answer. Yes, sir. It was the first time I ever approached Mr. Woolf. I did not know anything about Benjamin. I saw Mr. Woolf; he said that he would not give anything. I said to him that I was deputed to ask him what they would give to get the property back, and I would take the answer back. He said, "I will not give one cent. I am entitled to it. I have left my papers in the hands of Lord Lyons."

Question. Did you ever go to any other persons to negotiate about goods being given up ?

Answer. No, sir; only Mr. Eneas and Mr. Woolf.

Question. Do you know yourself of any goods being given up at that or any other time for which money was paid ?

Answer. No, sir, not where there was any money paid.

Question. Or promised to be paid ?

Answer. No, sir.

Question. Was there anything secret in this negotiation ? Did they ask you to keep still about it ?

Answer. Mr. Denison told me to be secret, and Mr. Hanscom too.

Question. Did you have any other transactions with Mr. Denison or Mr. Hanscom ?

Answer. I had, several times. I have been up there according to their own request. They asked me one time with regard to information about Benjamin, Rahming, and many others. I told them that I was not acquainted with the parties, but with regard to Eneas, I knew him; that I never had any business with him, but I knew him.

Question. Did you ever have any other transactions with them other than those you have specified ?

Answer. Nothing more than I have specified in the affidavit I made. Since that time I have never been near Mr. Hanscom or Mr. Denison.

Question. Did you have a quarrel with them at the time ?

Answer. Mr. Hanscom fooled me eight or nine days about delivering up the papers. He would say, you shall have them to-morrow, and so on. I told Mr. Hanscom that he was behaving very badly, and he ought to say whether he would give them up or not.

Question. Have there been sharp words between you and Hanscom or Denison ?

Answer. No, sir.

Question. Have you any reason to suppose that this offer was made to draw you out, or do you suppose that it was made in good faith on the part of Mr. Denison and Hanscom ?

Answer. I believe it was made in good faith, because Mr. Hussey was the party, the go-between, as it were. I would never go there unless Hussey came and said Mr. Denison or Mr. Hanscom would like to see you. I believed my-

self, when these propositions were made to me, that they were intended to be carried out by them.

Question. Did Mr. Hussey know what these propositions were?

Answer. Yes, sir.

Question. How?

Answer. From them.

Question. Did he know of them from you likewise?

Answer. He told me of them. He said that there was not a transaction occurred there unless he knew it; he said I have a good deal of power, and I can twist Mr. Hanscom around my fingers in anything that emanates from me; it always comes back to me.

Question. What sort of a man is this Hussey?

Answer. He is a tall, stout man—a very large man. I had no idea of his character until one time when Mr. Turner met me in Wall street. I happened to be there at the time. Mr. Turner came to me and says: Myers, I have been speaking to a man I ought not to have spoken to. You recollect that man that called up at my office. I ought not to have spoken to him; he is one of the worst men living in New York.

Question. What is his character?

Answer. That he is one of those men who would blackmail any man for money, and would become a witness for money. Whether it is so or not, I don't know. I never had any desire to go into his character. I pass the man and I do not speak to him. Mr. Turner had some exchange which came over by the Corsica in the pocket of Mr. Woolf. What it amounted to I don't know; but I know this, that when Mr. Turner asked me, I asked Mr. Denison for it. Mr. Denison said "You will leave Mr. Turner alone to me; I will not give you that; it is quite enough when I see Mr. Turner myself." I told Mr. Turner, and he said "I have no doubt I can settle that thing; I know Mr. Denison." I met Mr. Turner a little while after that, and he had received his exchange. Upon another occasion, when Mr. Hart had also some money or bonds seized, he applied to get that restored to him, and it was refused; and when I saw Mr. Hart some time afterwards, he said he had got it.

Question. Did Mr. Turner ever tell you upon what terms or conditions he got his exchange?

Answer. He did not tell me; he merely said that he had got it; he did not say directly that he paid anything, but he insinuated as much; I so understood it.

Question. What is Mr. Turner's first name?

Answer. David B.

Question. Are he and Mr. Denison on good terms now?

Answer. I am not aware whether they are or are not. I saw them at the Fifth Avenue Hotel two months ago speaking together.

By Mr. Le Blond:

Question. Have you undertaken within the last six weeks or two months to make any shipments to Nassau or any other place?

Answer. Yes, sir; I tried once to make a shipment to Nassau.

Question. What was the amount of the shipment?

Answer. \$4,000.

Question. What was the character of the goods?

Answer. Produce.

Question. Who was it consigned to?

Answer. To Mr. Tunsell.

Question. Did you succeed in giving the bond?

Answer. Yes, sir; but not in shipping the goods.

Question. They took the bond?

Answer. Yes, sir.

Question. What did you swear to in the bond that you gave, as to the property that you owned in this city?

Answer. I gave a bond that I owned a house in 24th street and Ninth avenue, and also that I had some property conjointly with my cousin, which we purchased in Delaware county. When they asked me about the bonds, I was negotiating with a Mr. Myers, a relative of mine, about a house. I had purchased a house of him in the morning, and I took a receipt from him for \$6,000. He was the party who was negotiating for me with other parties. I had told him that I would take it, and he was getting the papers ready. The negotiation not being carried through, my bond could not be taken. They told me that I did not own the house. I told them that I had made the purchase, and I intended to have paid the balance if the bonds had been given.

Question. You had no deed for the property at that time?

Answer. No, sir.

Question. You simply had a bond?

Answer. I took a bond from Mr. Myers, and a receipt that I had purchased the house.

Question. Had you paid anything on it?

Answer. I had only paid the sum of one dollar, in order to bind the bargain.

Question. What was the object of buying this property?

Answer. I wanted to buy the property for my family to live in.

Question. Why did you not take it afterwards?

Answer. Because they raised upon the price of the property; it was more than I would like to give.

Question. Had you not agreed before that time upon the price?

Answer. I had agreed to give him \$6,000 for it, and after I had agreed to give him that, he came to me and said I cannot sell that house for less than I asked first. I said that I did not like to do business in that way, and I would rather decline having anything to do with it at present.

Question. You did not take the property at all?

Answer. No, sir.

Question. Have you had any conversation with Eneas in reference to these matters?

Answer. No, sir; only what I have already explained.

Question. Have you at any time been advised to make this statement for the reason that it would benefit Eneas and these parties?

Answer. Mr. Campbell, when he called upon me, said that if I would make this affidavit which has been read already by Mr. Benjamin, it would be the means of getting their release. I told him that I did not want to interfere with what did not concern me. He said, of course, I can make you swear upon your affidavit. I said, upon that, of course, I would like to have you do it without any trouble. I had no interest whatever in the business.

Question. Have you any reason to believe now that this proposition that was made to you by Mr. Hussey, Mr. Hamseom, and Mr. Denison was with a view to ascertain whether there were any corruptions in the bond bureau of the custom-house?

Answer. In one part of the conversation I believe it was.

Question. What part of that conversation do you have reference to?

Answer. Mr. Denison told me at that time—I believe Mr. Stanton was the deputy collector—if we could get information respecting these bonds that had been cancelled (the Benjamin bonds and those of other parties) it would be of great service to us, as we want to find out where those bonds have been cancelled and by whom.

Question. And, so far as that is concerned, you are then of the impression that this conversation was with a view to elicit that kind of information?

Answer. It was.

Question. The other part of the proposition for money to be given by Eneas and these parties—you think that was in good faith?

Answer. I have every reason to believe so.

Question. What share did they propose to give you?

Answer. 10 per cent. of the proceeds of whatever property might be confiscated.

Question. Did you then object to the amount that they proposed to give?

Answer. I objected to it altogether.

Question. You did not simply object to the amount that they proposed to give, but to the whole subject-matter?

Answer. I did.

Question. Did Mr. Conklin propose to take any part with them in these transactions?

Answer. At first he did; he said he had a relative in the custom-house; he did not mention his name.

Question. Was that with reference to giving bonds?

Answer. Yes, sir; he said that he had a party in the custom-house that was related to him, and whether it was Mr. Hanscom whom he introduced me to or any other party I don't know, for the name never transpired.

Question. Conklin had nothing to do with these other transactions?

Answer. Nothing whatever.

Question. I find in your affidavit, after reciting what Mr. Denison says to you, this language:

"Mr. Myers, I sent for you, and you never answered my note. I was forced to send for you again. Now, sir, he continued, unless you can give us (there were two other persons present in his office who were strangers to deponent) certain information regarding persons who are trading to Nassau, carrying on an extensive business, and so on, I shall at once commit you to Fort Lafayette until such information is gained. I have power this moment to send you."

Was this with reference to this trade that he proposed to carry on this matter?

Answer. This was the first time I ever received a letter from Mr. Denison; this was my first interview with him.

Question. In that first interview had you any conversation with reference to anything except it was this bond business, or was it with reference to this trade at Nassau?

Answer. It was relative to parties in the Nassau business.

Question. There was a complaint about the José before this conversation?

Answer. I was first informed of the seizure of this vessel by Mr. Hussey in going down to Staten Island. I saw then the steamer José lying out in the bay. Then afterwards he said we have got that steamer that belongs to Eneas, and we are going to confiscate her, with all the stuff on board of her. I heard nothing further after that until I saw Mr. Denison. Mr. Denison sent for me to know if I could become a witness on the trial, and Mr. Eneas asked me if I would be a witness if he wanted me. I said that I knew nothing of the transaction with regard to the seizure, one way or the other.

Question. Were you acquainted with Benjamin before his arrest?

Answer. No, sir; I had seen him; I never had any business with him.

Question. Are you a citizen of the United States?

Answer. Yes, sir.

Question. Did Mr. Hauscom or Mr. Denison, in either of these conversations, say to you that these parties had better compromise this matter—that it would be easier than to litigate it, and that they would get off better?

Answer. They did.

Question. In this conversation did they give you any intimation that the money they would give by way of compromise was to be divided alone among them, or was it to follow the law of the case?

Answer. It was to be divided between Mr. Hanscom, Mr. Denison, Mr. Hussey, and myself; we were each to receive a part.

Question. Was this money to be paid by Benjamin and Eneas?

Answer. Yes, sir.

Question. That money was to be divided among yourselves?

Answer. He said for what money you will get you will receive your percentage, Mr. Hussey will receive his, and Mr. Hanscom will receive his.

Question. Was that for the property that was then already confiscated, or was it for the property that was to be seized in the event that you got up the trade that you speak of?

Answer. In the event of this property being seized, in the first place; and in the second, also, with regard to Mr. Joseph Eneas, if he had paid \$25,000, then that was to be divided.

Question. Then your understanding was that this \$25,000 was to be divided among you parties, or was it only one-half of that amount?

Answer. I understood the whole of it, but I may labor under a mistake. I would not undertake to say confidently whether it was so or not.

Question. Did not these parties say to you that there were parties in the city carrying on an illegal trade, and they desired you to approach them in the matter to induce them to go on and get up this trade that you speak of and lay the foundation for a clear case against them, and then seize the property in transitu and confiscate it?

Answer. No, sir; there was nothing of that kind mentioned to me.

Question. What was your distinct understanding in regard to what was to be done, to whom the money was to be given in the event of the property being seized?

Answer. The arrangement with Mr. Hanscom and Mr. Denison was, that if Eneas would give \$25,000 that was to have been divided among us—at least I so understood it. With regard to Mr. Woolf it was the same.

Question. You say in your affidavit that they wanted you to get parties here to engage in the purchase of goods and shipments to Nassau?

Answer. That was previous; that was Mr. Denison's proposition to me in his office at first. He said "you know plenty of people in the Nassau trade; get these parties to charter a vessel, and when they get their goods aboard we can seize them when they are all ready." I gave him information of one man in Fulton street, Mr. Evans, who did as much as any man in that trade; that I thought Mr. Evans would ship more than any one else. Mr. Denison said we do not want him at all; I know the man; you get some of your own parties with this property, and we can then divide it before it comes to a suit, before any action is taken in the matter. That was the distinct understanding between myself and Mr. Denison at one time, and at another time with Mr. Hanscom.

Question. Did either of them, or both, claim that parties in this city were carrying on an illegal trade, and that they wanted to break it up?

Answer. Yes, sir.

Question. And that was the object they sought to accomplish?

Answer. That was first mentioned by Mr. Denison.

Question. Did Mr. Denison wish you to pay anything as a consideration for the surrendering up of this exchange and the letters of your son-in-law?

Answer. No, sir.

Question. He did not ask anything for that?

Answer. No, sir.

Question. What was the character of the papers that Mr. Denison had belonging to Mr. Turner?

Answer. It was exchange; I cannot speak with certainty, but I am given to understand that it was South Carolina bonds, but I will not vouch for it.

Question. Do you know how Mr. Turner came by these bonds?

Answer. They were sent by Mr. Doswell, of Nassau.

Question. What transaction did Mr. Turner have with Mr. Doswell that brought about this exchange?

Answer. I am given to understand that they were in business together; that Mr. Turner had on several occasions received exchange from Doswell.

Question. How did Doswell come to send exchange upon South Carolina?

Answer. I presume he must have got it from South Carolina for some business transactions with Mr. Turner by his sending him goods.

Question. Do you know whether Mr. Turner had to pay anything for the surrendering up of these bonds?

Answer. I believe so.

Question. What makes you believe it?

Answer. Because of the way in which Mr. Turner expressed himself.

Question. What did he say?

Answer. When I met him one day I said to him, "How do you get along, Mr. Turner?" Says he, "It is all right." "Did you get them?" "Of course I got them."

Question. What did Mr. Hanscom say in regard to his making money out of that office?

Answer. He told me, when he first made this proposition, (Mr. Hussey was present,) "Mr. Myers, I am a poor man; I am only here for a short time; I don't know but I may be discharged to-morrow; while I am here I want to make all I can."

Question. Did you infer from that that he was anxious to negotiate these things?

Answer. Yes, sir.

Question. Did you at any time in this conversation with you or Mr. Denison receive the impression that they were trying to draw you on and make a tool of you, and gather facts in regard to this blockade-running or illegal trade to Nassau?

Answer. It might have been so for what I know. From the manner of their conversation I took it as a *bona fide* transaction, that a certain amount of money was to have been made in that way.

Testimony of James B. Archer.

NEW YORK, March 1, 1864.

James B. Archer sworn and examined.

By the chairman:

Question. Are you connected with the New York custom-house?

Answer. Yes, sir; am inspector, and have been since 1853.

Question. Under whose directions do you act?

Answer. That of the surveyor of the port.

Question. Does he give you your instructions?

Answer. Yes, sir, in all instances.

Question. And your duties lead you to board vessels, and likewise to make seizures upon land?

Answer. Yes, sir.

Question. Can you tell us what your instructions are very briefly?

Answer. One of our duties is boarding vessels and steamers for the purpose of detecting frauds.

Question. State more distinctly about your duties on shipboard. What is your first act?

Answer. The first act is generally to get a list of passengers. We generally have some knowledge of some parties coming over. We get the passenger list first; look that over well; then leisurely walk through the ship among the passengers, and if we see a suspicious character, we generally look after him.

Question. You make seizures?

Answer. Yes, sir.

Question. If you seize personal effects, what do you do with them?

Answer. We send them to the seizure-room in the custom-house, and make a report to the collector, one to the naval officer, and one to the surveyor.

Question. Do you take the personal effects of passengers—the baggage?

Answer. No, sir, not the personal effects. We examine the baggage.

Question. What do you take?

Answer. Anything that is dutiable; valuables, jewelry, watches, diamonds, and such things. Very frequently they are concealed among the clothing.

Question. Are offers ever made of paying duties on the spot?

Answer. Not until they are caught.

Question. Are there then?

Answer. Yes, sir.

Question. What takes place then?

Answer. We pay no attention to that, but refer them to the collector. We make our report, and send the information to these gentlemen, and they dispose of the case as they see fit. We do not know of anything that takes place after we make our report.

Question. Has there never any money been paid directly to you or your associates?

Answer. No, sir.

Question. Have you never received any yourself from passengers or persons on board of these steamers?

Answer. No, sir; never received a dollar from them; could have received thousands of dollars.

Question. I mean money, or effects, or presents of merchandise, or anything, no matter what, in the way of compensation or gratuity, to induce you to be lax, or permit the goods to go on shore.

Answer. No, sir. It would be impossible to do such a thing on board ship among several officers. There are generally three or four together.

Question. The committee understand you to say that you do not know of an instance where anything of this kind has been received by yourself or your associates?

Answer. No, sir; not to my knowledge.

Question. How is it on land in regard to seizures in stores?

Answer. We go there, make a seizure, take the books and papers, and bring them down to the custom-house. We then leave the case in the hands of the naval officer, who generally attends to that business.

Question. The naval officer gives directions as to seizures on shore?

Answer. Yes, sir. The naval officer generally attends to the store business, as we call it—the land seizures. Once in a while the surveyor of the port does; very seldom. The surveyor generally attends to the seizures on board ships. With regard to seizures on land, the naval officer says, "I have got information of stores at such a place, and I want you to go and get out a search warrant."

Question. Do you make these affidavits yourself?

Answer. I have made many of them.

Question. After you make the seizure, or take possession of books and papers, &c., do you have anything more to do with it?

Answer. No, sir.

Question. Do you know anything about the terms upon which the prosecution in any such cases is dropped or settled?

Answer. I do not. The revenue officers are better posted in that matter than I am.

Question. Has it not been a remark, or topic of conversation, among the employés of the custom-house, that these seizures are sometimes made for the purpose of compounding them, or making the parties come down?

Answer. That is a common remark almost every day.

Question. Do you know anything, of your own knowledge, any facts, or circumstances, or cases that would justify such a suspicion being entertained?

Answer. I do not, of my own personal knowledge. I can only state what I have heard.

Question. Can you give us the names of any storekeepers who say so, or whom you have reason to believe have said so?

Answer. A firm in Broadway by the name of Steinberg & Lichenstadter.

Question. Do you know anything about the facts in that case?

Answer. I do not. I went to the store.

Question. Who was with you?

Answer. Mr. Brown and Mr. Isaacs and Mr. Graham.

Question. Were papers seized and the store taken possession of in that instance?

Answer. Yes, sir.

Question. Do you know what became of the transaction—whether it was prosecuted or not?

Answer. I don't know, of my own knowledge. I don't think it was prosecuted.

Question. What was the rumor or report with reference to this case?

Answer. Mr. Steinberg himself told me that he had to pay (he did not state the amount) to stop it from going to trial.

Question. You don't know the amount?

Answer. No, sir.

Question. Did you ever hear the amount?

Answer. No, sir.

Question. When was that?

Answer. It was some two years ago.

Question. Were you ever questioned about this before?

Answer. No, sir, by nobody. I was before the Solicitor of the Treasury (Mr. Jordan) and before the previous congressional committee a year ago, (the Van Wyck committee.)

Question. Do you know of any other cases of this kind talked of, where they have been settled by the payment of anything to prevent them from going to trial?

Answer. No, sir; I cannot think of any at present. Mr. Isaacs was better posted in that business than I was. He knew more about it.

Question. In this case of which you have been speaking, did you ever hear it said who the money was paid to?

Answer. To the government, I suppose.

Question. Did you hear to what officer?

Answer. No, sir.

Question. What is your compensation or salary?

Answer. \$3 a day.

Question. What else?

Answer. If I go out of the district I get ten cents a mile as mileage.

Question. Any allowance for board?

Answer. Yes, sir.

Question. Do you have anything besides this, in the way of presents or compensation from anybody?

Answer. A year ago I had \$100.

Question. That is not regular?

Answer. No, sir.

Question. Do you not receive from parties in this city any other sums at any time, or anything else?

Answer. Not a cent.

Question. Can you support your family upon that?

Answer. Partly; my wife has means of her own.

By Mr. Le Blond :

Question. You say you might have received large sums of money when you were making seizures?

Answer. Yes, sir.

Question. Have you ever had money offered you by any importers or passengers?

Answer. I have had from passengers.

Question. Would you receive it?

Answer. Yes, sir, and the goods also with it—take the money and the goods also.

Question. What would you do with the money?

Answer. Give it to the collector—put it in an envelope, seal it, and put the facts on the back of it.

Question. What was done with the money afterwards?

Answer. It was never a very large amount; after the case was disposed of, and the goods were sold, the collector used generally to divide it among us—that is, the former collector did that.

Question. Has the present collector done so?

Answer. No, sir.

Question. Was it returned to the party giving it afterwards?

Answer. It was in one case that I recollect.

Question. What is done with this money by the present collector?

Answer. I think the present collector has not any at present.

Question. Have there been any offers of that kind made of late?

Answer. I do not think that there have.

Question. Not in some time?

Answer. No, sir.

Question. This firm that you speak of in Broadway, (Steinberg & Lichenstadter,) where a seizure was made, are they importers of foreign goods?

Answer. Yes, sir.

Question. What kind of goods?

Answer. Fancy goods, hosiery, &c.

By Mr. Rollins :

Question. You say that under a former administration the money that was placed in your hands by passengers and other parties who were intending to evade the revenue laws was then placed in the hands of the collector, and was then divided subsequently among the officers?

Answer. Yes, sir.

Question. Was that a matter of frequent occurrence?

Answer. No, sir; very seldom; not more than once a year; it did not amount to anything.

Question. Do you mean to be understood as saying that the \$100 you received

as a present, with the \$3 per day, the mileage and board, \$2 a day, when away, is all the money you have received since you have been in your present position from all sources?

Answer. Yes, sir.

Question. Do you mean that?

Answer. Yes, sir.

Question. Have you ever paid money, directly or indirectly, for any purpose whatsoever, for the purpose of securing your present position or retaining it?

Answer. No, sir.

Testimony of Alexander Isaacs, recalled.

TUESDAY, March 1, 1864.

Alexander Isaacs recalled.

By the chairman :

Question. Did you go to the store of Steinberg & Lichenstadter and make a seizure?

Answer. Yes, sir; with Mr. Brown, Archer, Gray, and some outside officers.

Question. How long since was it?

Answer. November 14, 1862.

Question. Were the books and papers taken to the custom-house?

Answer. Yes, sir; I took myself, from Mr. Steinberg's hands, a tin box, and that was the main evidence.

Question. How long was the possession of the store retained?

Answer. I think about two weeks.

Question. What became of the case then?

Answer. It was settled by Mr. Solomon L. Hull, a lawyer for Mr. Steinberg.

Question. Who was it settled with?

Answer. With the naval officer.

Question. How?

Answer. I think for \$15,000.

Question. Have you got a memorandum of it?

Answer. Yes, sir.

Question. When was it made?

Answer. Made at the time of the seizure; I have always been accustomed to make these entries for the last seven years.

Question. Your knowledge of this \$15,000 being paid is from hearsay?

Answer. Only from hearsay; I have no positive knowledge of it.

Question. Who told you this \$15,000 was paid?

Answer. Mr. Hull was one of the gentlemen.

Question. Do you swear that he told you?

Answer. He told me certainly that the amount (\$15,000) was paid from Steinberg & Lichenstadter to the district attorney; first I was told that it was \$8,000, and then I was told, by Mr. Hull, that it was \$15,000.

By Mr. Rollins:

Question. How long has the practice of suggesting the employment of certain lawyers as counsel by parties whose books and papers have been seized prevailed?

Answer. For the last six years, certainly; under the last administration and this.

Question. Have you usually made these suggestions yourself as to the employment of counsel?

Answer. Sometimes they ask me this, "what they had better do?" When they have, I have invariably recommended one or the other of these gentlemen;

and when they have not, I have tried to initiate myself into the good graces of these gentlemen to recommend them.

Question. What firms have you suggested?

Answer. I have generally mentioned the names of Webster & Craig, Kaufman, Wilcoxon & Frank, and B. F. Dunning.

Question. Have you recommended these firms during the last six years?

Answer. I have.

Testimony of Thomas J. Brown.

WEDNESDAY, March 2, 1864.

Thomas J. Brown sworn and examined.

By the chairman :

Question. What is your connexion with the custom-house?

Answer. I am deputy surveyor of the port under Mr. Andrews.

Question. How long have you been in the custom-house?

Answer. Since the administration of Taylor; I came in the latter part of Mr. Maxwell's administration; I think it is about 14 years ago.

Question. How long have you occupied your present position?

Answer. It is about $3\frac{1}{2}$ years now; I was made deputy surveyor shortly after Mr. Andrews was appointed surveyor.

Question. Will you indicate briefly what are the duties devolving upon you?

Answer. I have general supervision of the officers, and discharging vessels and steamers coming from foreign ports.

Question. The inspectors act under you?

Answer. Yes, sir, and the special aids, particularly in the night department; for the last two years Mr. Andrews has put them under my charge.

Question. Do you recollect how many there are on the staff of the night department?

Answer. 125; that is, including the captain and the lieutenants; they all report at the barge office before sundown every day, and the captain sends them out; he generally sends two men to a steamer.

Question. What are their duties?

Answer. To relieve the day officer and to remain in charge until they are relieved by the day officer in the morning.

Question. Have they anything to do except to keep watch?

Answer. Nothing else, except to see what is going on; they have nothing to do with examining the goods; they have no right to pass anything, not even a sailor's dunnage; they are to be detained until the day officer takes charge.

Question. Are you aware of any abuses committed in this branch of the service that should be corrected—I mean men in the night department?

Answer. No, sir; nothing that I could suggest; I have been very rigid myself since I have had charge of them.

Question. Are you aware of any cases of bribery or fraud, or anything of that kind, occurring in your department?

Answer. Nothing to my knowledge; if I had been aware of anything of the kind I should have suspended the parties immediately.

Question. Have you any knowledge of any one receiving either occasionally or habitually any extra compensation from outsiders in the way of presents, merchandise, wines, money, or gratuity of any kind?

Answer. No, sir; not a cent. Since I have been deputy surveyor I have at different times not only selected my own men, those especially connected with the surveyor's department, but I have detailed men outside of the department whom I knew to watch the officers to see if they did take money for the reason

that people arriving at this port should be treated with common civility and attention, and from the fact that I knew that in a great many of the European ports such a custom of receiving presents on the part of officers detailed for like duty prevails.

By Mr. Rollins :

Question. Did you detail these men to watch these officers because of any information or charges that had been made in reference to them ?

Answer. No, sir ; only from the fact that I had heard merchants and other persons arriving here from Liverpool, Paris, and other places, say that they always expected to give the officers on board something. Mr. Van Wyck's committee were very particular upon this subject, and I told them at the time that I should make it my business to be strict in watching the persons under my charge.

By the chairman :

Question. Do you know, of your own knowledge, any one in any department of the custom-house who is in the habit of receiving money for any favors he may extend to persons with whom he may have occasion to transact business ?

Answer. No, sir.

By Mr. Rollins :

Question. What is your salary ?

Answer. \$2,000.

By the chairman :

Question. What are your receipts outside of the salary ?

Answer. My receipts outside of my salary are what I exactly receive for mileage for going out of the city and my board. The first seizure that I made was \$27,000 in value, and that I took on the body, (the large diamond seizure,) and from that time to the present (I could not tell you how many hundreds of thousand dollars of diamonds, laces, &c., I have taken,) I have never received a cent, except what I have stated and a present of \$100 that I had new year's.

Question. Have you any knowledge of any one in your department, or any other department of the custom-house, receiving any extra compensation ?

Answer. Nobody, unless the surveyor. I presume he receives his portion of the seizures with the other heads of the department.

By Mr. Rollins :

Question. Have you ever known of an instance where seizures have been made of watches, jewelry, laces, and the property delivered up on the payment of a certain amount of money, without the property being placed in the custody of the persons having charge of the seizure-room ?

Answer. I have heard of these cases being settled by the parties paying the appraised value. I have never been present at any such settlement, and therefore it is only hearsay. I have no doubt there are many cases where they make seizures and the goods are deposited with the collector.

Question. You misunderstand me ; I mean without depositing the goods with the collector ?

Answer. No, sir.

Question. It is charged that seizures have been made at different times, and that the parties have compromised the matter, and have got their goods back by the payment of a less sum than their value.

Answer. There is nothing of that kind, to my knowledge, in the surveyor's department. Such a thing would be very hard to do. I never heard of such a case in my life. So far as I am personally concerned, I assure you no such thing ever occurred to my knowledge.

Question. Did you pay anything to any person, or cause to be paid, directly or indirectly, for the office you now hold, or have you paid anything, directly or indirectly, for the purpose of retaining it?

Answer. Not a cent.

Testimony of Charles G. Centan.

WEDNESDAY, March 2, 1864.

Charles G. Centan sworn and examined.

By the chairman:

Question. Are you a native of this country?

Answer. No, sir; am a native of France.

Question. How long have you been in this country?

Answer. Over 30 years.

Question. How long have you been engaged in the business of custom-house broker?

Answer. Since 1849.

Question. And you are still engaged in it?

Answer. Yes, sir.

Question. Explain to us the mode of passing goods through the custom-house.

Answer. We get the invoice from the merchant, go with it to the entry clerk, from there to the naval office; there the invoice has to be sworn to by the party, and in case of more than one package a bond must be given. When we pay the duty the cashier checks the permit and keeps the invoice, and that invoice is sent to the appraiser; and after the appraiser sends it back to the collector the invoice has to be checked by the clerk who passed it first; and when that is correct, we have got the permit that the case has been examined, and that a penal bond has been given for the release of the goods.

Question. How long a time does it take to pass goods through the custom-house?

Answer. That depends upon the clerk; some clerks make you wait more than others.

Question. What helps them along?

Answer. I think they probably receive something in the way of presents—cigars, &c.

Question. Do you know of any clerk receiving anything in the way of presents for expediting business?

Answer. I cannot say.

Question. Have you ever paid any clerk yourself anything extra?

Answer. I have not positively paid something, but a clerk sometimes wants to borrow three or five dollars and I give it to him.

Question. How long since you ceased paying anything of this kind?

Answer. About 18 months ago.

Question. Have you not paid anything within the last year?

Answer. No, sir, to no one; clerks sometimes want something and they go to the merchants.

Question. Who are the merchants that do these things?

Answer. I do not know.

Question. Can you tell who the clerks are?

Answer. No, sir; I think they do it because I see some clerks pass these invoices quicker for some parties than they do for me.

Question. Do you know whether the clerks receive anything from these merchants?

Answer. No, sir.

Question. You only know that you see some merchants get goods quicker than others?

Answer. Certainly.

Question. Do you ask why the goods of these men are passed quicker?

Answer. Yes, sir.

Question. What do they say?

Answer. That the goods came in before mine, when I knew that they did not. They bring a paper and put it on the desk of the clerk, and the clerk puts it in the pigeon-hole, and he passes it before mine.

Question. Such a proceeding as you speak of, does it take place every day?

Answer. Yes, sir.

Question. How many entry clerks are there?

Answer. In the collector's office there are five, and in the naval office four.

Question. Does the same difficulty occur in both offices?

Answer. Yes, sir; the same delays in both offices.

Question. Can you give me the name of a clerk who does this?

Answer. Every one.

By Mr. Rollins:

Question. How long were you in the habit of seeing clerks prior to 18 months since?

Answer. I think since I was in the custom-house business, for about 15 years.

Question. Were you in the habit of indirectly giving the clerks a fee or sum of money for 15 years prior to a period of 18 months since?

Answer. Yes, sir.

Question. What would be about the average fee to the entry clerk?

Answer. About \$10 a month.

Question. You do the business of LeBrun & Thompson?

Answer. Yes, sir.

Question. Do you recollect a case where there was an extraordinary delay last October or November in getting a permit for these parties to take goods from the custom-house?

Answer. Yes, sir; I recollect that their goods were detained because some previous invoices of this firm were too low and the appraiser raised them; and for fear of a recurrence of the same thing the custom-house officers retained those cases of goods in order that they might ascertain the facts with regard to them.

Question. How many cases were there in question?

Answer. There were five or six.

Question. How long were the goods detained?

Answer. Three or four weeks.

Testimony of Patrick W. Derham.

NEW YORK, April 13, 1864.

Patrick W. Derham sworn.

By the chairman:

Question. Will you please give the committee your business and residence?

Answer. I reside in Brooklyn; my place of business is at 15 Nassau street; and my business is that of a stationer.

Question. Did you supply the New York custom-house last year with stationery?

Answer. Yes, sir.

Question. You put in proposals, I suppose, as the government required?

Answer. Yes, sir.

Question. Preparatory thereto did you have any conversation with Mr. Palmer?

Answer. I did.

Question. Did you obtain from him any knowledge that aided you in making your proposals?

Answer. I did not.

Question. Did you, in reference to those proposals or the obtaining of that contract, pay him any money?

Answer. No, sir.

Question. Have you had any business transactions with him?

Answer. I have had since. I have loaned him money, exchanged checks with him, some of which he owes me yet.

Question. Did this loaning of money or exchanging checks with him have any connexion with the supply of stationery or the acceptance of your proposals?

Answer. No, sir, not the remotest.

Question. Did you have any knowledge of the terms upon which other parties proposed to supply stationery to the custom-house previous to putting in your own bid a year ago?

Answer. I did not. All I had was from my own knowledge, derived from having been in the employ of parties who supplied the custom-house for years. I had been clerk for them, and knew what they used there.

Question. How came these confidential pecuniary relations to exist between Palmer and yourself?

Answer. Mr. Palmer everybody around the custom-house supposed to be the principal man there, and he, in fact, was said to be the collector. Everything he did was supposed to be right, and, of course, every one around the custom-house who had dealings there wanted to be on friendly terms with Palmer. I was introduced to Mr. Palmer, and he came on several occasions and bought stationery of me. Mr. Hunter allowed items that Palmer obtained to the amount of fifty dollars. He would get such things as paper-weights, porte-monnaies, gold pens, knives, and things of that kind. It went on finally until he got a bill amounting to, I think, about ninety dollars. I presented the bill to Mr. Hunter, and Mr. Hunter said he would not pay it. He said he had his own position to look after, and this thing would not do; that an investigation might turn up, and he did not want to be accountable for anything that did not come in the regular way. He said, "I told you before now that you had better stop." Palmer would come in when I was absent, and the clerks would give him stationery. I had a bill for stationery for ninety dollars against him at the time he was sent to Fort Lafayette. Mr. Hunter had had it for some time previous. He said he would see about it. It was in the hands of Mr. Hunter and Mr. Ogden about two months. I went down to know whether I was going to get anything for it. I went to Mr. Barney. The items he had were specified on the bill—gold pens, knives, &c. Mr. Barney said he did not suppose that he was authorized to get these things. I told him I had no written order for them. He said "I will see what I can do for you," and that is the last I have heard of it.

Question. How came this confidential money relation to exist between you and Palmer?

Answer. As I told you, I had been introduced to Palmer. I supposed that Mr. Palmer was the principal man that ran the machine in the custom-house, so I did not want to make an enemy of him, because it might hurt me, and I kept on in this way, lending him money. He sent a messenger with his note for \$200. At this time I did not have plenty of funds, but I managed to give him the money for it. I believe it was a sixty days' note. I thought if I could not deposit it in the bank I would be able to negotiate it with some one else upon Mr. Palmer's credit at that time. I found out that they would not

take it on deposit at the Mercantile Bank, where I kept my funds, and it was thrown back on my hands. When the note was due I went to Palmer, and he said that the money would be forthcoming in a few days. I believe I exchanged checks with him after that. He gave me a check dated a week ahead. I found no difficulty in this respect, except upon one occasion I deposited his check countersigned in the Bank of the Commonwealth, to which I had changed my account. A few days afterwards the porter came down and brought the check, stamped on the face, "No funds in the Broadway Bank." So I ran down to Mr. Palmer and told him that was no way of doing business. He called his messenger, and I went with him to the Broadway Bank and found there were not sufficient funds to pay the check, which, I believe, amounted to \$200. So the messenger made a deposit, and the teller says, "There are not funds enough to pay now;" and he said he had paid \$500 in the morning on account of a check of Palmer. I said to the messenger, "This is no way of doing business, and this thing should not happen again;" and he said he would go and see Palmer about it. He came back and said it was a mistake of the teller's; that there was money there; you will have to go to the president in the back office. The president came up to the paying teller, and the teller explained to him how the matter stood. There was not money enough to pay this check. I came along down, and Palmer told me it would be made all right in a few hours. He came to the store and paid me the money in two one hundred dollar bills, and took the note. He came along again afterwards, and I gave him my check, and everything went on well from that time until the last check. When I gave him the last check he gave me his dated a week ahead. I came to his office, (he had an office in William street,) and says I, "The amount of the check (\$200) I want to-day." Says he, "Mr. Derham, that will be all right." I went up to the store, and I believe it was that evening he said to me, "If you do not want this money to use, let it go until to-morrow." I said I was going to use the check on to-morrow, and could not get along without it any longer. So he sent up his man to me about 5 o'clock in the evening with two one hundred dollar bills, who says, "Mr. Derham, here is this money of Mr. Palmer, but Mr. Palmer wants, as a special favor, that you will let this go until Monday." It was then Friday. I said, "I want the money, but at the special request of Mr. Palmer I will try to get along." It struck me after he went out that everything was not right; and it came to my recollection when I was down at Palmer's office the day before that Palmer felt uneasy. There were reports about investigating committees, and I felt afraid that all was not right. So the matter passed on until the Monday following, when I stepped to see a customer of mine in Fulton street, and I chanced to see the "World" newspaper, and read of the arrest of Palmer. It struck me that my two hundred dollars was gone. I came up to the store and sent my boy to the Broadway Bank to have this check certified. My boy came back and said there was no money there. So he is owing me two hundred dollars on that check, I believe one hundred and fifty dollars on a note, and two hundred dollars on another note. I had no doubt when I took these notes that they were good. I had no other reason for giving him that money other than that I supposed he was the ruling man in the custom-house, and I did not want to make an enemy of him.

Testimony of James W. Ward.

NEW YORK, April 11, 1864.

James W. Ward sworn.

By the chairman:

Question. Are you a clerk in the custom-house?

Answer. I am.

Question. For how long a time?

Answer. Since early in November of last year.

Question. Were you directed by Mr. Hanscom, or any other person connected with the custom-house, to assist in searching for missing bonds?

Answer. No, sir. I had nothing to do with that at all by appointment.

Question. What room do you occupy there?

Answer. Before I came there there were two rooms contiguous, opening by a double door, one into the other, which had been occupied by Mr. Stanton as his one office; and after his removal, and when I was introduced there as a clerk by Mr. Barney, the two offices were under Mr. Hanscom's supervision. The office that I was in was the office in which the bonds for shipments from this port were taken, filed, and recorded. Mr. Hanscom occupied the room in which the seizure business and the cancellation of bonds were attended to. Since that time the two rooms have been divided, and they are now two divisions, under two separate deputies. I occupied the room which is now known as division nine, under the charge of Mr. Runkle. That was the room occupied by Mr. Stanton during his administration, in conjunction with the room now occupied by Mr. Hanscom as the tenth division. The desk that I have was in charge, as I understand, of Mr. Stanton's son and clerk. That was previous to my introduction into the office. I had no instructions to make any search in relation to these missing bonds. Mr. Hanscom undertook to arrange, sort, examine, and certify as to the bonds at the time of his coming in, and subsequently, and, for that purpose, had all the bonds overhauled by Mr. Phillips and Mr. Leland, to whom he gave instructions to make searches and examinations of all places where the bonds were likely to be; to arrange and record them, and report all missing ones. I had no part myself in the investigation, but I knew it was going on from the necessity which constantly occurred of their taking my books to assist in making the examinations. It appeared from this examination that several bonds recorded on the books of the office as having been taken were missing, and were not in their proper files. Mr. Hanscom directed search after these bonds, and a search was made by these gentlemen to my knowledge, but I had no instructions about it and had no part in it myself. This desk that I occupied was occupied by Cady Stanton, to which Mr. H. B. Stanton himself had access, and for which he had use. When this desk was given to me, as the bond clerk, as my desk in that office, I naturally looked, before or at the time of taking possession of it, over all the drawers and pigeon-holes to see what there was in them, and what might be removed, intending to occupy it entirely with my own papers relating to my functions as clerk. So I looked over the papers, drew out all the drawers, and tumbled them all over. I found that there were three drawers that had no locks upon them. They never had locks, and were mere loose, miscellaneous drawers for papers of no official value. Other drawers in the same desk had locks and keys, in which papers of official importance were preserved. All the papers I overhauled, and I found some of them to be cancelled certificates of old dates, some reports from different parties of no moment, some papers indorsed by Mr. Stanton, and some with his initials upon them, some with Cady Stanton's initials, and there were other papers, the importance of which I was not able to gather, and I took them out one day and asked Mr. Waddell, who was a clerk in that office, if they were likely to be of any value, and he thought that as they were left in that way they were probably of no value. I did not destroy them, but put them back, satisfied that they were of no or little value. One of these drawers that I speak of without locks was in the upper part of the desk—a long drawer, right in the middle. In that I had looked twice before carelessly, and I drew it out to see what loose papers were lying there, and looked them over to see if there was anything there of value, and all there was there I put into one of these side drawers. I emptied that specially to put my own private papers in,

and I put in there a little private memorandum-book. There were no bonds there then. There were no papers in it of any value whatever at this time of my examination. I had occasion some time after this—about a month after—I remember it perfectly well—of drawing out that drawer again, and there was nothing in it of any consequence. There was nothing there but a single piece of paper and a book which I had laid there myself, and I shut it up with that conviction. About the last week in December H. B. Stanton, one Saturday afternoon, came into the office about three o'clock. He had been in four or five times before, and had been in the habit of conversing with Mr. Waddell, and had had the privilege of sitting down and writing at the desks, some little attentions or politeness of that kind being extended to him. This time that I speak of he came in and said to me, as I was going away, (the watchman had come into the office at the time with his broom to sweep,) that there were some papers left in those drawers which, probably, were of no value, but there might be some memorandum of some value to him, and, with my permission, he would look them over. I told him that I believed there was nothing of value; that there were some things with his initials, and he sat down and drew them out and looked them over carefully. He took them all out and laid them on the top of the desk. While he was doing that I left the room, went out into the rotundo and into the water-closet, and was gone some ten minutes, and when I came back Mr. Stanton was just leaving. He had thrown a lot of papers into the waste-basket. He said there was nothing there of any importance. All the drawers that had papers relating to the official matters of the bureau were locked up, and I had the keys in my pocket. I put nothing of importance in drawers which had no locks. I made no observation, and opened no drawer, paid no attention whatever to the remark, feeling I had no occasion to do so at all, and left, Mr. Stanton also leaving. Mr. Stanton, I think, went into Mr. Hanscom's proper room. About a week afterwards (somewhere about the first week in January) I opened that top drawer in the desk again, and was surprised to see some papers lying there. I lifted them out, and found them to be four official bonds, duly executed, as I found when I examined them, indorsed in proper form, and evidently belonging to the bond bureau. I was surprised at the circumstance, turned to Mr. Waddell, and asked him if he could explain a mystery of that sort. He threw himself back with some surprise, and said he could not. He took the bonds; saw that they were bonds properly belonging to the files in the office. I immediately took them into Mr. Hanscom's room. Mr. Hanscom was not there. Mr. Phillips was, and I laid them down before him. He started at once, and said that was very strange; that these bonds they had just reported as missing from the files. He asked me where I found them, and I told him how and where I had found them.

Question. Do you remember the numbers of the bonds?

Answer. I do not.

Question. Do you remember the names of the parties who gave them?

Answer. Three were of the Hazard Powder Company, and one was Schepeler & Co.

Question. Do you remember the date of the bonds—how long they had been executed?

Answer. I do not.

By Mr. Le Blond:

Question. State whether the bonds were found after the examination had been made, as directed by Mr. Barney and Mr. Hanscom.

Answer. They were found subsequently—after the report of the missing bonds had been made. The remark made by Mr. Phillips to me when I laid the bonds on his desk was, those bonds have been reported as missing.

Question. Were these bonds found in that drawer which you had appropriated for private purposes, and which had no lock on?

Answer. Yes, sir; it was exclusively designed for private purposes. It is my rule, and the rule of other clerks, to put no official papers in a drawer without a lock.

[The four bonds in question being produced, the witness identified them. They are as follows:

No. 2605—by the Glacier.—Schepeler & Co., Wm. C. Forbes, Wm. Heye, and Frances A. Gale; dated April 25, 1863. For Havana; amount, \$34,316 50.

No. 1799—by the Lizzie Oakford.—The Hazard Powder Company and Gustavus Tuckerman, dated March 6, 1863. For San Francisco; amount, \$1,860.

No. 1714—by the Lizzie Oakford.—The Hazard Powder Company and Gustavus Tuckerman, dated February 23, 1863. For San Francisco; amount, \$4,880.

No. 1970—by the Lizzie Oakford.—The Hazard Powder Company and Gustavus Tuckerman, dated March 16, 1863. For San Francisco; amount, \$694.]

Question. Upon whose certificate is the bond 2605—that of Schepeler & Co.—cancelled?

Answer. Upon a certificate purporting to be by L. Pierce, jr., consul at Matamoros. I will say that Mr. Pierce has been in the practice for the past six months of allowing certificates, for the purpose of cancelling bonds, to come to the New York custom-house purporting to be signed by him, which have not been written or signed by him, with no procuration and no indication of the fact.

Question. How do you know that he permits it to be done? May it not be the fraud of the parties wishing their bonds cancelled?

Answer. They may be fraudulently obtained or executed. The indication that they are permitted by Mr. Smith, is the single fact that they have attached to them the consulate seal, and that may be also fraudulently used. I detected this irregularity myself in the bonds. Incidentally looking over the bonds, I observed there different signatures for Mr. Pierce.

Question. Are you acquainted with Mr. Pierce's signature?

Answer. Yes, sir; I know Mr. Pierce's signature in two ways. In the first place, by looking at the old bonds which have been cancelled I find certificates signed in a hand differing from any certificates signed more recently, and corresponding with signatures to private letters written by Mr. Pierce to parties in this city, and corresponding with what the State Department at Washington have certified to be his signature.

Question. Are there many certificates on file that have been signed by other parties than Mr. Pierce?

Answer. There are many of them.

Question. What proportion appears to be signed by himself, and what proportion by other parties?

Answer. That I could not say, but the greater proportion recently of certificates that have been presented to the office for the purpose of cancelling bonds have been signed by other parties than himself—much the greater proportion.

Question. For how long a period has this been going on?

Answer. That I can only answer by conjecture. I should think six months, certainly.

Question. Has the Secretary of State been informed of this irregularity in the transaction of this business?

Answer. He has; he was informed by Mr. Hanscom, the deputy of our department.

Question. How long since?

Answer. Last month—in March.

Question. Has any action been taken with reference to Mr. Pierce?

Answer. In the information given to Mr. Seward, three signatures purporting to be Mr. Pierce's were sent on to Washington. Mr. Seward returned them to the collector, with the statement that two of them were not Mr. Pierce's, that one of them was, and the two that were not by Mr. Pierce were not to be accepted, and that he had written to Mr. Pierce for an explanation.

Question. How long since was this?

Answer. Two weeks, I should think.

Question. Have you examined the bonds prior to the removal of Mr. Stanton, to see whether they were certified in like manner?

Answer. I have not for that purpose. My attention has been more directed to those that have come under my own observation. Certificates were coming in pretty fast for the purpose of cancelling those Matamoras bonds, and I observed that the signatures did not correspond, and evidently were not written by the same person. I presented the matter to the collector, and he determined to reject the whole until further orders from the department.

Question. Do you meet with the like difficulty from any other foreign port?

Answer. No other.

NEW YORK, *April 11, 1864.*

F. J. Phillips sworn.

By the chairman:

Question. Are you connected with the custom-house?

Answer. Yes, sir.

Question. For how long a time?

Answer. Something like two years.

Question. With what bureau or department?

Answer. I have been connected with the seizure bureau since August last; that is the bureau in which Mr. Ward is at present, (tenth division.)

Question. By instructions did you at any time examine the condition of the desk, drawers, &c., formerly occupied by Mr. Stanton, deputy collector?

Answer. In connexion with Mr. Hanscom I made an examination of the condition of the bonds at that time. Mr. Barney desired him to make an examination, and he gave the matter into my charge.

Question. Is this list made out by you?—(showing witness exhibit marked S.)

Answer. It is a copy of the examination made by me.

Question. What time was it that this examination was made?

Answer. The examination was made ———

Question. Did you yourself make an examination, or search, in this bureau for missing bonds?

Answer. I made an examination myself in one of the desks in which I believe Mr. Ward afterwards found some bonds, but at that time I did not find any.

Testimony of Ezra P. Cuyler.

NEW YORK, *April 12, 1864.*

Ezra P. Cuyler sworn.

By the chairman:

Question. Where do you reside?

Answer. City of New York.

Question. How long have you resided here?

Answer. Since the 3d of October last?

Question. Where did you reside before that?

Answer. For the last five months preceeding that at Nassau; previous to that time at Charleston, South Carolina.

Question. While you were in Nassau what was your occupation, profession, or business?

Answer. I was a gentleman of leisure; I was waiting to get my wife out of Dixie.

Question. How long did you reside at Nassau?

Answer. Five months.

Question. Do you know the American consul there?

Answer. Yes, sir; his name is Hanley; I know Mr. Thompson, the vice-consul, who does the business.

Question. Do you know anything about the receiving of goods there and giving of consuls' certificates, and of the destination of goods, &c.?

Answer. I know that there has been a large increase of imports into that country, particularly at the port of Nassau, and I know the means they have of getting those goods away, where they go to, and where they came from.

Question. The committee would be pleased to have you give them a statement of what you may know upon this subject.

Answer. A large portion of the goods received at that island are generally bought in New York through commission agents, and they are cleared for the outer islands—Green Turtle, Harbor island, or Rum Cay island. They are cleared from this port in the first place, and are generally entered at those outer islands. They then take a clearance from there, break bulk, and go directly to Nassau, and there they discharge and pay duties in thirty days after the vessel reaches the port. The bond for that is given at the port where she enters. These goods, you see, require no consular certificate at all from the American consul, because they come from an English port to an English port. The vessel only needs to make her entry in the custom-house to discharge her cargo at once. When the goods leave New York directly for Nassau, there the certificate of the American consul is necessary for the cancellation of the bonds, but on a large portion of the goods that go to Nassau the bonds are never cancelled. I know of instances where forged certificates have been made and sent on here for the purpose of cancelling bonds, and bonds have been cancelled by these forged certificates.

Question. Who makes these forged certificates?

Answer. I think it is George Hayning.

Question. How does he get the consular seal?

Answer. He does not put the consular seal on to them. It is a sort of landing certificate. The largest portion of the goods that go to Nassau are landed in bond, (hardly any of them ever pay duties,) and then they are sold in bond. They simply pay a few duties to the custom-house for an order to take the goods from the bonded warehouse. Almost everybody there owns a bonded warehouse, and every old barn and rookery is now a bonded warehouse. They will turn up some old boat or an old hull for the purpose of holding these goods; then they give a receipt for them and away they go.

By Mr. Le Blond:

Question. From the location of the office of the American consul, (Mr. Thompson,) is it possible for goods to be shipped from New York to Nassau and transhipped for blockade running, without the fact coming to his knowledge?

Answer. No, sir; they could not land anything at all without his positive knowledge. The vessels come right under his eyes; his office is right in front of the wharf. He does not make any acquaintance with anybody, and he has a morose and sour disposition, and I consider him a very unfit person for the position he occupies.

Question. While you were staying there were ships loaded with goods to run the blockade along the landing in front of his office?

Answer. Every one of them.

Question. Openly and knowingly?

Answer. Yes, sir.

Question. Is it a notorious thing in Nassau that he has a full knowledge of these things?

Answer. Yes, sir; there is not a vessel that leaves Nassau without his knowledge; it would be an impossibility for a vessel to discharge or take in a cargo there without the knowledge of the American consul.

Question. Is this constantly occurring?

Answer. Yes, sir, day after day.

Question. From the best information you have been able to obtain, how much has the trade at Nassau increased since the rebellion, compared with what it was before that time?

Answer. The duties in the custom-house at Nassau have increased from four hundred pounds quarterly, to the neighborhood of three thousand pounds; they were deeply involved in debt there before this war commenced, but now they have got so much money that they are building a large hotel.

Question. What is the size of the island?

Answer. It contains 8,000 inhabitants, and it is about six miles long and fourteen miles wide.

Question. Is it a daily or weekly occurrence for vessels to come there and load directly for the southern confederacy?

Answer. Yes, sir—knowingly and openly.

Question. Has the confederate government regular agents at Nassau for the purpose of buying produce, munitions of war, and everything else they need in the southern confederacy?

Answer. Yes, sir; there is Major Lewis Heighlegher, a regular confederate agent, who has a commission in the confederate army; and then there is John B. Lafitte, the agent for John Frasier & Co., who are the agents of the confederate government in Liverpool; and there are sub-agents.

Question. Is the position and business of this man Lafitte known to the American consul?

Answer. Yes, sir; he has all the appurtenances belonging to an agent of the confederate government, except the flag.

Question. Is the American consul on friendly terms or relations with him?

Answer. Not to my knowledge.

Question. What American vessels have gone from the port of New York with goods that were sold to the agent of the confederate government, at the time you were there?

Answer. I don't know that I can answer what American vessels have done so, because it is so seldom that the American flag comes in there with goods. Former American vessels, but carrying the British flag now, have been repeatedly in there. I do not know that I can give you a regular list of names. There is the schooner "John G."

Question. Where was she owned?

Answer. She was owned in Nassau, by a man by the name of Darren; and then there was the schooner "J. C. Rahming," owned by Raymond & Co.; he is from New York and Nassau both, and is a commission merchant; that vessel carried the British flag; I do not believe that he is an American citizen.

Question. Are any of the officers of that vessel American citizens?

Answer. I don't know that they are. Then there is the "Wild Pigeon," owned by Sawyer and Menendez; then there is the schooner "Albert," owned by Sanders & Son, of Nassau; there is the schooner "Shannon," Captain Roberts, owned by Johnson, of Nassau.

Question. Where did these vessels chiefly get their goods that they shipped to Nassau?

Answer. In New York city, and they were chiefly bought by Joseph Eneas, John C. Rahming, Henry Darrell & Co., Pearl street, Josiah Mason & Sons, Mantell & Barton, Lewis Benjamin and James Douglass.

Question. How do you know that they were bought by these men?

Answer. I know it from personal knowledge in one way, and from conversations with captains of schooners, consignees, and residents of Nassau, in another way. I know who their agents are here. I have been told, and made myself acquainted with the manner in which the goods were brought, and from the general conversations I have had with parties there about business matters, I know who their agents here are.

Question. Have you had, at any time, any conversation with the American consul in reference to these matters?

Answer. With the original American consul I had—Mr. Hanley.

Question. Where is he now?

Answer. At New Orleans.

Question. Have you ever had any conversation with Mr. Thompson upon this subject?

Answer. No, sir; he would never talk with me about it.

Question. Was he upon friendly terms with any of these shippers that you have mentioned here?

Answer. I don't think that he was; only I think he has given free permits to parties, but he has been misled. The goods were shipped as stores for the Royal Victoria Hotel, but they were naturally goods that run the blockade. Mr. Thompson, the steward of the hotel, went to Mr. Thompson, the consul, and got a permit to pass these goods on the ground that they were for the hotel.

Question. Has that been carried on to any extent?

Answer. In small quantities.

Question. Do you know of any parties here in New York who are acting as agents here, and buying goods for parties in Nassau, to be shipped into the Confederate States? From the fact of your long stay there, and your acquaintance with parties there, you must know something about the final destination of these goods.

Answer. I do know parties who have been doing this kind of business here, and who will probably do it again. One of the principal parties is Mantell & Barton, who have been engaged in this trade to Bermuda; and these other parties whose names I have already given you—Douglass, Mason, Eneas and Rahming—have been engaged in this trade to Nassau. They give a consumption bond, knowing that when they take an oath that these goods would be consumed there they commit perjury, for it is utterly impossible that these goods could be consumed there, from the enormous increase of trade since 1860, and increase of shipping, with no corresponding increase of population. For instance, blankets and railroad iron are never used there.

Question. Have there been blankets, railroad iron, telegraph wire, sabres, pistols, powder, &c., in large quantities shipped from New York to Nassau, and transhipped to the Confederate States?

Answer. I have known all these articles to be shipped from New York to Nassau within the time I was there; I have seen them on the wharf myself; I could not tell you the names of the vessels that took them; the Wild Pigeon as much as any of them; she probably carried more goods of this character than any other vessel going to that port; she is owned by Joseph Eneas, who is agent and part owner. Sawyer & Menendez, at Nassau, are agents and owners of vessels in this trade. A great many vessels have gone away with, and have carried things that were never on the manifest at all, but were put on board by the con-

nivance of somebody after they were cleared. I knew of thirty hundred thousand needles in one lot, by the schooner Shannon.

Question. By whom were those articles purchased and shipped?

Answer. That I don't know; I knew when the schooner came there. The captain told me so in conversation with him.

Question. Did he tell you the parties who shipped them, or the manner in which it was done?

Answer. No, sir; this was in June.

Question. Give us all the information you can about Mr. Benjamin and his traffic with the residents of Nassau.

Answer. He consigns goods to George and J. E. Woolf, and receives remittances from them; this I know from conversation with Woolf himself. These parties are doing a large business, selling goods directly to the Confederate States that come from New York. Not only that, but I have heard these same parties offer to ship anything out of New York that they could get an order for, and Mr. Chaulker, in the surveyor's office, was the Tom Jones they said they could get any d—d thing they chose from. He is a man that works on a small salary and lives on a very large salary, and he has been in some way connected with Benjamin, Hoffnung & Woolf. I heard Woolf myself say, in Nassau, that the way they generally managed was to get their goods cleared from Jersey, and they could get any d—d thing from Chaulker they wanted. Woolf offered to furnish the confederate government ten locomotives, if he could get the order; that he could get them shipped; I heard him say this on the Corsica, when I came with him on that steamer. I have had an intimate acquaintance with the Woolfs, and have talked with them in regard to business, and they say that Benjamin is their agent here; all their letters have been directed to him, and all their business has been done through him. I was taken in and introduced to Benjamin by Mr. Hoffnung; Mr. Hoffnang told me in the theatre, and also in his own office, that he had shipped 400 pairs of blankets to Nassau by the steamer Belle Vernon; that they were bought here in bond, and he boasted that he had got them cleared, and he wanted me to buy some. He offered to do my business in the blockade line if I wanted to engage in the business.

Question. Have you had any conversation with Benjamin upon this subject?

Answer. Not but a little, in his office.

Question. Did he, in any conversation with you, ever admit that he was buying goods for these parties in Nassau, or that he was in anywise interested in the transshipment of the goods to the Confederate States?

Answer. Not himself; he only offered to buy and ship goods for me.

Question. To be shipped to the Confederate States?

Answer. He knew that I was from Charleston. There is another man by the name of Samuel Myers, who has got a son-in-law, Israel Woolf, out at Nassau, to whom he always ships. Woolf spoke to a man by the name of Tansell, who came on here to Myers, and Myers opened a shipping office.

Question. Do you know what articles Benjamin has bought and sent to Nassau?

Answer. Everything in the line of ordinary dry goods, Yankee notions, medicines, perfumery, jewelry, domestic and heavy goods, groceries, &c. I have known these parties who shipped goods from here to Nassau to have so many to sell that they have often shipped them to Bermuda, to supply the blockade runners there. I have known Woolf to be in New York and in close connexion with these parties here.

By the chairman:

Question. Do you know anything about goods being shipped to Matamoras?

Answer. I only know of goods being shipped there from conversation with a

gentleman who is intimate with O. K. King & Co., and from the bonds and manifests that go through the custom-house here. King & Co., in 1861, were probably not worth \$25,000, and a party tells me that they are now worth \$300,000; that O. K. King himself is in Matamoras, and Mr. James J. King ships him large quantities of goods. The goods are shipped in the name of O. K. King & Co., and O. K. King becomes one of the sureties, and he has now got bonds in the custom-house in large excess of the property he could possibly have, some of which are not cancelled, and some that he cannot get cancelled. Only a few days ago they passed goods through the custom-house to the amount of \$90,000, and right on the top of this, only day before yesterday, they and another house shipped 30,000 pounds of lard to a hot climate.

Question. Was it probed?

Answer. I made a fuss about it, and they went down and stuck it.

Question. What is the object of that shipment?

Answer. It goes into the Confederate States; they have got no pork. Mentell & Burton also ship goods to Matamoras. They bring in manifests to a very extraordinary amount, of all classes of goods, day after day, and give the same security right over and over. They have had some correspondence with the Secretary of the Treasury, or some officer at Washington, and they are now trying to see if they cannot pass goods through the custom-house on personal security.

Testimony of Gustavus Centan.

WEDNESDAY, March 2, 1864.

Gustavus Centan, sworn and examined.

By the chairman:

Question. You have been a custom-house broker, I believe?

Answer. Yes, sir, on and off; have acted sometimes as principal and sometimes in connexion with others; have been in the business since about 1852.

Question. Will you explain briefly what it is to be a custom-house broker?

Answer. To transact custom-house business for merchants; to save them trouble in making entries, obtaining permits, and taking out goods.

Question. Were you associated with Mr. Pride awhile?

Answer. No, sir; I was to have taken Mr. Pride's place for two weeks during his absence in Canada. I had been in his office for a week previous, and the very time I was to take charge of his office he died.

Question. His son was for a limited period with you?

Answer. He asked me to go on with the business; I told him I would take charge of the business, and if it paid so as to allow me to see my way clear through his father's business I would give him an interest in it.

Question. Was not there an entrance made into the office by some one connected with the custom-house and papers taken?

Answer. Yes, sir.

Question. When?

Answer. About the 9th or 10th of November, 1862.

Question. What was the cause of it?

Answer. I presume it was on account of some information lodged against me; I never found out distinctly. I was accused of taking invoices from the custom-house—a thing of which I was perfectly innocent. That was merely a pretext, as I suppose, for making a descent upon the office.

Question. They found some papers?

Answer. They found a lot of invoices in Mr. Pride's pigeon-hole. I had put away all these old papers in a box, and left them in the pigeon-hole as they

were, intending as soon as the son had taken out letters of administration to give the whole concern to him. Among others, they found a large lot of invoices of Solomon Herst & Co., covering a time since 1854. It is more than likely that Mr. Pride asked for an invoice, and the clerk gave him the whole pile. The papers were found there. In the first place, I had nothing to do with Solomon Herst & Co.; in the second place, I had nothing to do with Mr. Pride's office.

Question. Have you ever obtained invoices in that manner from the custom-house?

Answer. I have obtained invoices from the custom-house, but through other parties; personally I have never taken one from the custom-house. There used to be a young man by the name of Betts around the custom-house who did that; he had been connected with the invoice department for a number of years, but had been dismissed on change of the administration, and then he took to brokerage; he knew all about the invoice department, and I presume some of his friends were retained who were in charge of the invoice department, and in that way he probably got them.

Question. What did you pay him when he got invoices for you?

Answer. Sometimes I would give him a dollar; sometimes two or three dollars; sometimes he would tell me that it would cost him so much, and I would give it to him.

Question. When these invoices were obtained by you in this way, were they retained by you?

Answer. No, sir; I destroyed them. I kept them for a number of years—up to the time of this descent upon my office. I went to my house and put the whole of them in the fire.

By Mr. Rollins:

Question. What was the object in securing these invoices?

Answer. I was given to understand by the parties whom I had interested with me that unless the invoices could be produced there could never be a prosecution instituted.

Question. The invoice had to be produced in order to make an accusation upon, so that if you could secure the invoice, the government would not be able to commence a suit for any violation of the revenue laws?

Answer. That was the idea.

Question. Were the merchants for whom you obtained these invoices aware of your mode of obtaining them?

Answer. A good many of them were.

Question. They were parties to the transaction?

Answer. Some of them were, and some of them were not.

Question. Can you give us the names of any parties that were?

Answer. I cannot very well now. I made a long statement of these things a year and a half ago; these papers are, as I understand, in the district attorney's office.

Question. Who did you make your statement to?

Answer. To some one who was a partner of Mr. Denison—Mr. Starr. I was arrested and kept four days and four nights without seeing any of my friends—my folks being in great distress, running round to one place and another, trying to find where I was. I finally got Mr. Yongg, of the detective police, to take a letter over to Brooklyn to my family to let them know where I was.

Question. Who arrested you?

Answer. I was arrested on a warrant of one of the United States commissioners—Mr. White.

Question. Where were you taken?

Answer. At the office, No. 7 Broad street, and was taken to the United States marshal's office, and they pretended there that they could not find the commissioner. It was Wednesday when I was arrested, and I never saw anybody until the following Monday.

Question. Who did you see then?

Answer. Mr. James Maury, the lawyer who was employed by me upon the recommendation of some of these parties, never came near me. At twelve o'clock at night, between Sunday and Monday, a party came in, just as I was taking a sleep on a board, with pen, ink, and paper, and says, "You know what these parties want, and you had better tell." I wrote a few lines to Mr. Franklin and Mr. Denison, saying to them that if they would give me the privilege of seeing some of my friends I would make such admissions as they wanted with some reservations for people I got into trouble without their knowing it. I told my lawyer that otherwise I would not say a word. These reservations were not made. They promised everything I wanted, and that was the last I heard of it.

Question. Did you have an interview with any of the custom-house officials?

Answer. Not until the following day.

Question. Who then did you see?

Answer. I met Mr. Franklin and afterwards Mr. Denison; we had some little talk.

Question. What did he say to you?

Answer. He went right away from my lawyer's over to Mr. Starr's office, and there they got up this affidavit.

Question. What did Mr. Franklin say to you?

Answer. They told me they would do everything they had agreed to do; that they would leave off one or two names that I suggested.

Question. Did they use any severe language towards you?

Answer. Not then.

Question. Did they at any time?

Question. Yes, sir; of course, they threatened my father, brother, and all my relations generally with imprisonment.

Question. What did they accuse you of having done?

Answer. Of taking invoices.

Question. Did you make a full confession?

Answer. No, sir, not until five or six days after; I did as near as I could at that time, always reserving these two names. It did not do me any good to reserve them, for they came down upon them afterwards and got all the money they could out of them; one was Mr. Thompson, (of the firm of Le Brun & Thompson,) my brother-in-law, who was perfectly innocent. They have pushed that house badly ever since by keeping back their invoices two or three weeks.

Question. You say they got money out of this concern: did they get any money out of you?

Answer. No, sir; I did not have any for them to get.

Question. Does this practice of obtaining invoices, such as you have spoken of, continue yet?

Answer. Not that I am aware of.

By Mr. Rollins:

Question. Do you consider that the abstraction by a custom-house broker of invoices for the purpose indicated by you is a legitimate and proper business?

Answer. No, sir; I do not consider it in that way at all.

Question. Then you consider it wrong?

Answer. I considered it wrong, but I was employed by a custom-house official to do it; it was done at the instigation of one of the clerks in the custom-house.

Question. Who was the clerk ?

Answer. J. R. Van Vechten. I had half a dozen examiners in my favor who passed all the goods.

Question. You say a clerk suggested this to you ?

Answer. Yes, sir.

Question. I understood you to be acting in the interest of the merchants ?

Answer. I was acting in their interest ; I had this entry clerk in with me who was interested with both ; he brought me the papers from the merchants ; I did not know them, and I do not know them to this day, except by name.

Question. You then did this business at the suggestion of a clerk in that department for the benefit of the merchants—the merchants not coming to you in person, but the clerk requesting you to do the business ?

Answer. In some cases, but not in all ; in some cases I had dealings with the merchants directly ; in other cases I went upon my own responsibility, without the merchants coming to me with Mr. Van Vechten.

Question. What number of abstractions of invoices were made do you think ?

Answer. I have no idea at all.

By Mr. Le Blond :

Question. You speak of some examiners connected with this matter of the abstraction of invoices.

Answer. Yes, sir ; they were also removed ; Mr. Eels and Mr. Griggs, one on the English floor and one on the French floor.

By the chairman :

Question. You say that of late there has nothing of this kind transpired to your knowledge ?

Answer. Not to my knowledge ; since that time I have retired entirely from the business ; of course, everything was ruined ; my legitimate and illegitimate business spoiled.

Question. Do you know of any one connected with the custom-house who is or has been in the practice of reserving money for favors shown to merchants ?

Answer. I do not, of my own knowledge—nothing but hearsay rumors. I have heard it said that there was just as much going on as ever—that was the expression.

Question. Do you know who are spoken of in that connexion ?

Answer. I could not give you the names. Every time the subject is mentioned, I generally tell the person that it is a very unpleasant thing, and I don't want to know anything about it at all.

By Mr. Rollins :

Question. Can goods be passed now fraudulently through the custom-house without their paying the proper duties ?

Answer. Yes, sir.

Question. How ?

Answer. I notify my foreign correspondent in Europe to pack the cases in a certain manner and notify me of the contents of some peculiar case, and I then know which cases are right and which are wrong.

Question. In short, which of the cases correspond with the invoice and which do not ?

Answer. Yes, sir ; I can secure the examination of the cases that are right in nine cases out of ten.

Question. By what means ?

Answer. I purposely make a mistake in duty in reference to one of the cases ; that case is sent for examination, is found correct, and the others are

then delivered. It is very seldom, unless they have reason to suspect the good faith of the importer, that more than one package is examined out of every ten, and sometimes not even that.

By the chairman :

Question. Suppose the government suspect anything, what is the next step ?

Answer. If the merchant is quick enough, he immediately sends for all the cases, and if he has time, substitute other cases. As a general thing, the merchant has got 24 hours start of the government. Suppose I have ten cases ; I pay the duty to-day ; the goods are in store ; I give the penal bond ; get possession of nine cases at once ; the other is transferred to be examined, the very case that I want to have examined ; no examination has yet taken place ; I got possession of nine at once, before the invoice can get to the examiners to be compared with the case. I have 48 hours, and in that 48 hours I can make substitutions, subtractions, additions, so as to make the nine cases correspond with the invoice.

Question. If the government have reason to suspect anything wrong, what is the first move they make ?

Answer. They send an order to them to have these goods returned to be examined.

Question. The merchant has 24 hours after that, so that in all he has three days ?

Answer. If he is prepared, it does not take an hour. I will give you an actual case in point: A merchant paid his duties at 11 o'clock on two cases of laces, one corresponding with the invoice and the other not, and at 12 o'clock the goods were at the store. While the officer went to dinner a substitution was made so as to make the fraudulent case correspond to the invoice, and the contents of the fraudulent case were sent away from the store ; at one o'clock it is returned to the public store, examined and found to correspond with the invoice.

Question. You speak of a penal bond that is given—will you explain what it is ?

Answer. The merchant binds himself by that bond not to open or dispose of any goods that the government gives him possession of until ten days after the cases designated for examination shall have been examined.

Question. What is the practice ?

Answer. The practice is really to serve them the very moment they come from the ship, not even taking them into the store.

Question. Who designates the goods to be examined ?

Answer. There are deputies specially appointed for that.

Question. To your knowledge does the owner or his agent ever designate these goods ?

Answer. Very frequently.

Question. And that designation is accepted ?

Answer. Frequently ; I have asked for cases a hundred times, and have had them sent.

Question. The object in requiring this bond originally was because the government was very much limited for want of room ?

Answer. I presume so.

Question. And now that the government has these bonded warehouses all over the city, the practice does not exist ?

Answer. It will prevail as long as the merchant has the temptation before him of four or five days before the invoice gets into his hands.

Question. In what way could the government have detected this fraud upon it in this actual case that you speak of ?

Answer. By notifying the storekeeper in charge of the merchandise at Jersey City not to deliver that package.

Question. That is, upon the supposition that they suspected a fraud?

Answer. They did suspect the man because they were watching him, but it took the government two days to do what we accomplished in two hours; it took them two days to get ready to send for that case, and when they did, it was all ready for them.

Question. Will you indicate the routine at the custom-house which it takes two days to go through?

Answer. You commence at the collector's office; the first step is to present your entry to an entry clerk; he puts a stamp upon it; calculates the duty; sees that the rates are properly taken up; gives you a permit; puts his initials upon one corner of it; then you take it to the naval office, and there the same thing is gone through, (you being obliged at both places to take your turn with others;) there another check is put on the same permit; then you go to the deputy collector and swear to the entry, and he designates the case or baggage for examination; then you go to the bond desk and give your penal bond, and there is another check put on the permit; then you go to the naval officer's cashier, and he puts another check on the permit; then you go to the collector's cashier, and you pay your money, and he puts another check on the permit; then you go back to the naval officer's cashier, and you get a counter check, and then to that the naval officer puts his signature; then you go to the collector's office for his signature, and it is done. The invoice and the entry are kept by the cashier.

Question. You have paid your duty—what is the next step?

Answer. The next step is this: they take that invoice, put a stamp upon it that the duty has been paid, and number it in large figures; afterwards it is registered in a book, the name, the vessel, and the number. Then a list of these invoices is made, being a duplicate of those in the book, and that list, with the invoices, are sent to the examiner; there they are entered again into another book, having been previously checked off by a clerk specially appointed for that purpose, who distributes them at the same time to different examiners. These different examiners again subdivide them; they are sent to the heads of the different departments; they are again subdivided, and there they remain until the package comes either from the store or from the vessel. If you have any luck you may possibly on the third day have the case opened and examined, but that is not a common thing. It takes from five to six days before they touch the case again. The merchant has a clean swing all this time. When the case has been examined and found to correspond with the invoice, the invoice is then sent down to the appraiser's office for his signature; sent back to be placed upon the list, and the list returned to the collector's office; it is checked off on another list and taken to the amendment bureau, as it is called, to see that the classification is correct; thence it is sent to the naval office, also with the classification, and then finally sent to the order desk for the purpose of getting a permit for the examined case, and if the merchant gets through in one week he regards it as expeditious. In case the merchandise should not be found to agree with the invoice, the invoice is sent to the appraiser's; the appraiser sends it to the collector; the deputy collector sends it to the proper clerk; the clerk makes out a notice which he puts in the post office for the merchant, which he gets on the second or third day from the time that the examiners have called for the balance of the goods, which you see gives ample time to the merchant to make such disposition of the case as he sees fit. Even if he sends it away, he will have ample time to telegraph to have it sent back again, or to replace it. I have known cases to be kept six weeks, when there was nothing wrong with them.

Question. Why were they kept so long?

Answer. From neglect sometimes.

Testimony of George D. Pitkins.

MARCH 2, 1864.

George D. Pitkin sworn and examined, of the firm of Butler & Pitkin, 346 Broadway.

By the chairman :

Question. What business are you engaged in?

Answer. In the Yankee notion business.

Question. Did you ever have any trouble in passing your goods through the custom-house, or after you got them passed?

Answer. Yes, sir.

Question. Please state what it was and when it was.

Answer. I was standing at my desk one day, (my partner, Mr. Butler, was sick at the time,) and three gentlemen came into the store, and one of them asked me for my books and papers. This was some time in the fall of 1863; I cannot give you the exact date. I asked him what he wanted, and he said there was a charge against me of defrauding the government. It came like a thunderclap upon me. I asked him for his authority, and he showed me a printed paper from the court. I hardly knew what he wanted with those three men there. He made that charge, and I asked him where and how it was made. If I am not mistaken, the charge was brought on one case of goods from Enoch & Oppenheim, of Paris. I immediately handed him my books. He asked me for my papers, and I handed him every paper I had, from beginning to end. One of these officers said to me that this matter could be arranged. I know the name of one of these men was Isaacs; whether he was the man that said so, I cannot say. They took especial care not to charge us with doing anything intentionally wrong. My bookkeeper was away and my partner was sick at the time. I thought it was something merely temporary, and could be explained at once, and I could have my books returned to me immediately. They took my cash book, letter book, ledger, invoice book, and asked me if I had any other books, and I said no. I gave them my papers also. This was about 3 o'clock on Saturday, and in going away from the store, which is about two blocks from Stewart's, about the middle of the block, I thought of the foreign invoice book which I had not given up. Being desirous that they should have everything, so that I could not be accused of hiding anything, I went back of my own accord, got that book of foreign entries, and took it down to the naval officer's, laid it on the desk in the naval officer's office, (not in Mr. Denison's private room,) and inquired if it would be safe there until morning, and I was told it would be. I went in the morning and told them that I had brought that book down there for examination. Some two or three gentlemen were present, and they seemed to be conversing about the matter, and they seemed to understand that I was there for some purpose, and the remark was made that I could go into the private office. I was ushered into Mr. Franklin's room; he was very angry and said, "What business have you got in here; I am not ready for you." I asked him when he would be ready; I think he said some time in the afternoon. I went down at the appointed time; found my books and papers there, and a statement, made up on a sheet of paper, showing that they had a claim against us for about \$4,000. I asked them for what; they said for defrauding the government. I asked them in what way; they showed me that I had paid duty on so much, when I should have paid on so much. I asked them where was the difference; I think nothing more was said about the matter, and I went home. Either that day or the day before I was advised to go and see a lawyer. I went to see Mr. Craig, by the advice of Mr. Isaacs, (I think it was during the day.) Mr. Isaacs and another gentleman seemed to be very officious, and wanted to introduce me to Surveyor Andrews. I went in and was introduced to Mr. Andrews. As I said, I was advised to go and see Mr. Craig, and I did

see him; stated the case to him, and he went with me that afternoon and stated the case to Mr. Franklin, and they found that I had paid on 86 pounds more than I should, and they marked that off, and made a claim on the balance. I asked them what was to be done, and they said make a claim on the goods. You will understand that when these books were taken they placed an officer in charge of the store, and would not allow any goods to be taken out and shipped. The next day, through the intervention of one of the officers, they modified the order by allowing me to ship goods. This officer, whose name I do not know, after asking me what the amount of our stock was and what amount we were selling a day, and seeing that we were perfectly responsible, allowed us to ship goods. He made me give him a memorandum for one or two days of the goods we shipped. If my memory serves me, they took possession of the store and my books and papers on Thursday and Friday, and I think they retained such possession over Sunday until Monday or Tuesday. We were told, by Mr. Isaacs, that this matter could be settled; we did not know how it could be settled, and we thought, if we had done wrong, it would be better to pay something and release ourselves. We were newly established in business, and this seizure took place at the commencement of our busy season. We lost one customer by the transaction who has never been into the store since to see us. My special partner (Mr. Cole, of Cincinnati) went down to see Mr. Barney about the matter. Prior to that, however, we laid the matter before Mr. Edward S. Jaffray, one of the staunchest men in the country, and he went down to see Mr. Barney. He could do nothing for us. Mr. Cole went to see Mr. Parsons, a law partner of Mr. Barney, of the firm of Barney, Butler & Parsons, who had acted as Mr. Cole's attorney, and who had drawn up our partnership papers. Mr. Parsons, as a friend, called upon Mr. Barney with Mr. Cole, and they convinced him that these officers had done wrong. In the mean time the matter had been placed in the hands of Mr. Craig, and he advised us all the time not to settle it—not to pay any money, but to stand a suit. Mr. Jaffray wanted us immediately to go to Mr. Cutting and place it in his hands—not to pay any money; but the officers were in our store; we were young men, just starting in business, and scared, I will freely admit, anxious to extricate ourselves from the difficulty, and we settled the matter. Mr. Cole and myself went down to Mr. Barney and stated the case to him. We offered to bring evidence of our honesty from such men as we had come in contact with in our business relations; that my partner had been here for 15 or 18 years, and his character was unquestioned; that I had been a partner of the firm of Wm. H. Lee & Co., and I offered to bring the evidence of such men as Chittenden, Geo. Bliss & Co., Mr. Jaffray, and that we had no intention of doing wrong. Mr. Denison came into the office and said that he had laid the case before the Solicitor of the Treasury, and there was no other way but to pay the money. Mr. Barney, in the presence of Mr. Cole, made the assertion to us, that if we paid the money we had redress through Mr. Chase. On that ground we paid the money, and upon no other. We went out, met Mr. Denison, and told him we would settle it, and he sent us back our books. We paid into court, through Mr. Craig, about \$3,700. My lawyer charged me \$250; my loss was about \$4,020. We went to see Mr. Chittenden, who got Mr. Denison's position for him, and Mr. Chittenden went down to see Mr. Denison for us, and he told us, after making some investigation, that after the money was paid we had no redress; that the money had gone into court, and we had no redress. Prior to this we drew up a statement, or rather a report, of which we have a copy at the store, which was sent to Mr. Chase, stating our case as we understood it, attesting our character by half a dozen of the best firms in New York.

Question. Will you specify the amounts of duties you did actually pay, and what you should have paid?

Answer. On the case by the Persia we paid on 1,714.25 francs, when we

should have paid on 1,758. We entered, up to this time, entirely free from any intention of doing anything wrong, our goods at 3 per cent. commission—French goods, I mean.

In the case of Enoch and Oppenheim we did not get our charges for some time.

Question. You entered your invoice at what commission?

Answer. Three per cent., and paid on that, when we should have paid on five per cent. commission; that is what I understand now, but did not then.

Question. This five per cent. commission—was it a commission paid to a party you had to purchase for you in Europe?

Answer. In this especial case Oppenheim had an agent here by the name of Charpentier.

By Mr. Rollins :

Question. Did you not receive an invoice of the goods at the time they were received?

Answer. Yes, sir; and entered them according to the invoice.

Question. Was there a commission of three per cent. charged?

Answer. There was no commission charged at all, I think, in this Oppenheim case.

In the case by the Lara it is claimed that we should have paid on 1,761 francs; whereas we paid on 1,689.15.

On the case by the Africa it is claimed that we should have paid on 1,983 francs; whereas we paid on 1,933 francs. This difference is explainable in inland carriage, Havre charges, small charges for postage, drayage, and the difference of two per cent. in commission.

On the case by the Scotia we paid on 98 pounds and 3 shillings, when we should have paid, it is claimed, on 106 pounds and 15 shillings. I do not know how that difference is; we sent for the original entry, but they refused to give it.

On the case by the Etna it is claimed that we should have paid on 233 pounds and 6 shillings, whereas we paid on 224 pounds and one and tenpence.

Some goods we have purchased of Westhead through their agent here, Mr. Holgate. Upon some goods which they manufacture themselves they do not charge us any commission.

In a case that came out by the Etna, they had deducted $2\frac{1}{2}$ per cent. from it. This was off the invoice when we entered it. It was afterwards found to be a mistake, and in settling it we had to put $2\frac{1}{2}$ per cent. on, which makes a difference of 5 or 6 pounds there. That will explain why there was so large a discrepancy, and the balance consists in little preliminary charges.

By the Etna again we should have paid on 89 pounds 13 shillings and sixpence; whereas we paid on 87 pounds 14 shillings and eightpence.

On a case by the Asia we should have paid 140 pounds 12 shillings and sevenpence, whereas we paid on 136 pounds three shillings and fourpence.

I should state that, according to Mr. Franklin's own admissions, the whole loss to the government was under \$100; I think it was under \$50.

Question. You say that the difference to the government was less than \$50?

Answer. It was less than \$100; I think less than \$50.

By the chairman :

Question. For which you paid \$3,700?

Answer. Yes, sir; we have got \$250 back from Mr. Holgate, the agent of Westhead, of whom we have bought a great many goods. I told him I had been led into this difficulty by a mistake of his, and that he had made me suffer exceedingly in this matter of $2\frac{1}{2}$ per cent. discount, and I told him I was not go-

ing to pay it. He said to me that he would divide it, the \$500 dollars; and I got back \$250, just what I had to pay my lawyer.

Question. You spoke of the paying the money into court; what court do you mean?

Answer. The United States district court.

Question. Do you know what becomes of it then?

Answer. I think I know what becomes of it.

Question. What does become of it?

Answer. A part of it goes into the hands of the government, and a part of it does not.

Question. You do not mean to intimate that this money paid into the court is improperly disposed of?

Answer. Not at all.

By Mr. Le Blond:

Question. I understand from you that a part of your goods you buy or contract for through an agent these European houses have here?

Answer. Yes, sir.

Question. I also understand you to say that you purchased a quantity of goods from an agent of one of these European houses here; that one of the cases here enumerated contained the goods in question, and that you paid the agent here for them?

Answer. We paid the whole bill here to this agent, and received his receipt for it.

Question. You paid him the 5 per cent. here?

Answer. Yes, sir.

Question. Was it upon the receipt of the bill, or after?

Answer. It was after the invoice came to hand.

Question. Why did you not pay to the custom-house 5 per cent. added to the original cost?

Answer. I did not know then that we were buying on 5 per cent. commission of this party. My partner, Mr. Butler, ordered the goods, and I supposed in paying the 3 per cent. I was following the custom of the government.

Question. When you received your bill was not this commission added?

Answer. No, sir; this was put in afterwards; when he sent to me for a settlement, then he made out a regular statement of the charges and added his commission.

Question. Then this settlement took place after you had adjusted the matter with the custom-house?

Answer. After we had entered the goods.

Question. And the original bill sent to you said nothing about a commission of 5 per cent.?

Answer. Not at the time.

By Mr. Rollins:

Question. The firm were in possession of information that you were to pay 5 per cent.?

Answer. Yes, sir.

Question. Have you not the rate of charges which you have to pay, published here in your city, as connected with the custom-house, that is easy of access?

Answer. The law and our oath state that we must pay on everything.

Question. Did these seven cases that you speak of all occur within the last year, or have they been running along from time to time?

Answer. We have been in business since the 1st of July, 1862, and they have all occurred since then.

Question. Are there any other cases within that period, in which you should have paid upon five per cent. when you only paid to the government upon three per cent.?

Answer. I think not.

By the chairman :

Question. Do you know anything about any abuses, frauds, black-mail or per-centage to which merchants are subjected to get their business transacted at the custom-house?

Answer. No, sir.

Question. It has been claimed that you could not get entries passed without feeding the clerks?

Answer. I have no knowledge of that kind; I know that our goods have come up short from the appraiser's office, and I know that merchants pocket such losses, for they are generally small; we get our goods, and let these losses go.

Testimony of John C. Rahming.

FORT LAFAYETTE, March 19, 1864.

John C. Rahming sworn and examined.

By the chairman :

Question. Are you a native of this country?

Answer. I am from Nassau; a native of the Bahamas.

Question. How long have you been in this country?

Answer. Three years in June.

Question. You came here after the war commenced?

Answer. Yes, sir.

Question. And established yourself in New York?

Answer. Yes, sir.

Question. In the shipping and commission business—shipping goods to Nassau?

Answer. Yes, sir; the doctors ordered me here on account of my health; I was subject to the liver complaint; the doctor told me I must live in a northern climate; my business in Nassau was the provision trade, exporting sponge and dye-woods.

Question. Did you go into the same kind of business?

Answer. Yes, sir; I was supplying my place with provisions.

Question. How came you here to Fort Lafayette?

Answer. I don't know; I have not been able to find out, except that it is for shipping goods to Nassau.

Question. How long have you been here?

Answer. I came here New Year's eve; they arrested me and sent me down here.

Question. You have no idea why you have been sent here?

Answer. I have this idea—it is for shipping, they say, to Nassau.

Question. What did you ship?

Answer. Provisions is my principal shipment.

Question. What did you ship them on?

Answer. On different vessels; on the "Eliza"—on various vessels; on everything that I could.

Question. Did you ship on the "José?"

Answer. No, sir.

Question. On the "Corsica?"

Answer. I shipped a little on her; not a great deal; perhaps one hundred and fifty barrels a month.

Question. You had to give bonds to ship the goods?

Answer. Yes, sir.

Question. Who signed the bonds with you?

Answer. Various parties in New York; Jacob Hines, and Mr. Webster was another bondsman, and Mr. Lyman. They were the principal bondsmen.

Question. They signed as sureties?

Answer. Yes, sir.

Question. What had you to pay for it?

Answer. Not one farthing; they merely signed as friends of mine.

Question. Did you ever sign any bonds for either of them?

Answer. I might have done so upon one or two occasions; I think it is possible I have; I think I signed once for Mr. Webster.

Question. Was he shipping goods to this place?

Answer. He occasionally made a small shipment to Nassau; not to any extent.

Question. Did you ever have any difficulty in having your bonds accepted at the custom-house?

Answer. Not when I brought the proper sureties; they were very particular in examining as to what real estate the sureties had.

Question. Supposing your sureties were objected to; what was your next step?

Answer. We had upon several occasions to bring two sureties, when they thought one was not sufficient.

Question. Have you used any money to get your bonds accepted?

Answer. No, sir; the broker always did my business, S. D. Babcock; the brokerage for each bond was two dollars; that was his regular brokerage, besides his stamps; there were some little fees, he told me; I never knew what kind of a fee it was; it was twenty cents.

Question. What became of your bonds after you had executed them; what was the next step to get them up or cancel them?

Answer. I had to get from Nassau a consul's certificate; that certificate had to be accompanied with one of the entries at the custom-house out there attached to the consul's certificate; the party to whom the goods were shipped swore before the consul, to the best of his knowledge, that the goods were imported for home consumption, and on this being sworn to, the consul gave a certificate.

Question. What did you do with the certificate?

Answer. It was brought here.

Question. Then what did you do with it?

Answer. It was presented to the custom-house; Mr. Babcock always did the business.

Question. Did you ever go to the custom-house about it yourself?

Answer. Occasionally for the last seven months I have been there.

Question. Did you ever get up any of your bonds?

Answer. I have cancelled several bonds until, within four or five months, they have stopped cancelling bonds.

Question. Previous to that time, did you have any bonds where the names were cut out?

Answer. No, sir.

Question. Did you ever hear of the practice of buying up bonds?

Answer. No, sir.

Question. While you were in this business you speak of, did you ship anything but provisions?

Answer. Nothing but provisions, with other little things.

Question. What were they ?

Answer. Pork, lard, butter, cheese, flour, hams and bread ; we have had a good many shoes.

Question. Did you ever ship any hay in bales ?

Answer. We have occasionally shipped a little on deck.

Question. Was anything put in the bales ?

Answer. Not to my knowledge ; I know this much, that there was nothing in the hay that I ordered for my shipments, unless they put in something which they never got paid for.

Question. Did you ship any blankets ?

Answer. No, sir.

Question. Any army cloth of any kind ?

Answer. No, sir.

Question. Hardware ?

Answer. I have shipped hardware.

Question. Telegraph wire ?

Answer. No, sir.

Question. Powder ?

Answer. Never an ounce in my life ; no munitions of war to the extent of one farthing.

Question. Did you ever have any goods seized ?

Answer. Never ; it was invariably my practice to tell my broker to see the surveyor of the port, and have him send a man to see that everything went on board straight, because we took outside freight ; I told him I would pay him regular wages to any officer, to see that everything went on straight.

Question. Did they come on board of your vessels to perform this extra duty ?

Answer. They never came ; they did not think it necessary to come.

Question. Did you ever pay anything extra on the wharf to the inspector or his aid ?

Answer. No, sir. I do not know anything about any such thing ; never paid anything more than the regular fees. I did everything in a straightforward way.

Question. You don't know why you are here ?

Answer. Nothing except that I may have some enemies on the outside.

Question. Are you not aware that some portions of the goods you shipped from this port were subsequently seized on board of the vessels running the blockade ?

Answer. No, sir ; I never made one shipment from New York that I was aware was intended for the south, nor am I aware of a single article that I have shipped ever reaching south. At the commencement of the war a United States gunboat came into Nassau. The consul, Mr. Whiting, out there, wanted coal. There were several parties who had coal ; we had a cargo which had just arrived from Pictou ; they applied to everybody (the United States gunboat) for coal, but no one furnished them coal but myself. We furnished them with coal, and the consequence was that our house was spotted, as we called it there. We could not sell even an ounce to a British steamer. Whenever Mr. Whiting came and wanted to charter a vessel to carry a message to the fleet, we furnished the vessel, and the consequence was that we got the black look of most of the people of the country. My brother says, "These fellows are taking hold of the trade of the south, and we will turn our attention to the home trade," and the consequence was that we gained almost the larger portion of the domestic trade ; and where we shipped before five barrels north of provisions, we shipped near twenty-five barrels north. I have never had an interest to the extent of a farthing in the blockade running, my motto being while here to do this country all the good I could, and no harm. I will assure you that I have done no intentional harm to this country, and my statement can be con-

firmed by reference to the books. What I say about supplying the gunboats is, that we supplied them with coal whenever they came in there, and for that very reason we were marked off.

By Mr. Rollins :

Question. You say you have been in trade—shipping goods. How long?

Answer. Three years.

Question. You came here just prior to the war?

Answer. Yes, sir; I had done business with New York for nine years.

Question. What was the amount of your business?

Answer. My business has been perhaps \$200,000 a year. I have managed to live by it here. With what we make out there, we make a comfortable living—nothing more. My books will show what I say to be correct.

Question. The trade with Nassau, as is apparent from evidence already submitted to the court, has largely increased since the war commenced. How do you account for it?

Answer. I can account for it in this way to some extent: Nassau used to do a large amount of trade with Savannah, Wilmington, and Charleston. That entire trade of importing provisions from Savannah and Charleston, and lumber from Wilmington, has been cut off, and it has all come to New York, and so has increased the trade here. The floating population of Nassau, of course, is greatly more than it has ever been before.

Question. In importing provisions to so large an extent, you would not naturally go to Charleston?

Answer. In getting flour the difference in time between Charleston and New York would make it equally as cheap in getting it from Charleston as from New York.

Question. Your brother lives at Nassau?

Answer. Yes, sir.

Question. You ought to be pretty familiar with the way business is done in Nassau since this rebellion commenced. Now, have you not been informed that large quantities of goods shipped from New York have ultimately gone to the rebels?

Answer. I have not been informed, but I had my own views.

Question. Have you received such information from your brother or your correspondents?

Answer. Not to my knowledge, I can assure you.

Question. Do you mean to say that you have received no such information as that?

Answer. I have not really.

By the chairman :

Question. Have you never heard this said?

Answer. I have heard that goods were being sold from New York. I have heard this remark—that it was singular some people could manage to get out such quantities of goods without any difficulty, while others could not. I have never been informed positively, but I have been impressed with the idea myself, that some of them have gone to the south. My brother has never even said to me, nor have I ever been informed by him, that any goods which have been shipped from here by us have been sent or sold to any particular house south. I have heard that a great many goods have gone to Matamoros.

Question. Have not a great many vessels been running from Nassau to Charleston?

Answer. Yes, sir; as soon as this blockade came up, men who were in the habit of buying goods before the bonds were required for goods that were

intended to go south, turned their trade somewhere else. They sent to England for muskets, and I know myself that it increased the trade with England tenfold. Before that, most of the trade came to New York.

Question. You have no doubt that the goods that were shipped from England went to the aid of the rebellion?

Answer. I believe they did; my reason for believing that the goods that I shipped, and that went from here, did not go to the south, was this: they were obliged to get a certificate from the consul to enter these goods in the custom-house and pay the duty upon them, while the goods that went from England they had the privilege of bonding, and therefore they had great advantage in this respect. I have no doubt that goods have gone south: that they were shipped in large quantities; and I have often wished that they could check the trade in some way.

By Mr. Le Blond:

Question. Has your general business with Nassau increased or diminished since the rebellion commenced?

Answer. My business has increased, and I can give you my reasons for the increase of my business. We have given our attention entirely to the island trade. We were only small importers before the rebellion, because our principal business was the export of dye-woods and sponges. The large importers there now are the rebel agents, and they had lost sight of the home trade. My brother thought now was the time to take hold of it, while they turned their backs upon it, and the consequence is we are increasing our business.

Question. Did you do any shipping business for any other establishment than your own?

Answer. Yes, sir; for a good many countrymen.

Question. Do you know all the parties to whom you shipped?

Answer. Yes, sir.

Question. Were they *bona fide* residents of Nassau?

Answer. I believe they are all residents of Nassau.

Question. You knew them before you came here?

Answer. I knew most of them; there are one or two black fellows that have gone into business there since I came here; they were recommended by the different customers I have been doing business with as being good men of worth and credit.

Question. The amount of shipments to these men aside from your brother—is it heavy or light?

Answer. No, sir; I suppose they average, some of them, perhaps three or four thousand dollars a year, and others not as much; perhaps the average would be three or four thousand dollars a year.

Question. Have you any bonds which have not been cancelled?

Answer. I have a large amount of certificates on hand now for the cancellation of bonds.

Question. What was the reason that they have not been cancelled?

Answer. My broker learned that there was a committee coming on to examine the affairs of the custom-house, but nothing would be done until the committee got through. We have files of certificates now.

Question. Had you any trouble in procuring the cancellation of your bonds up to the time you were arrested?

Answer. No, sir; I would send up my certificates. The certificates have been changed from what they were before. At first, the certificate was in this way: you had simply to go before the consul and swear that the goods imported by such and such a vessel were imported in good faith for the consumption of the Bahamas. The certificate was sent on here and the bonds were cancelled under it. The next certificate that was required was that we should have

attached to the consul's certificate an entry made in the custom-house at Nassau by the collector that the duties had been paid on the goods.

Question. And they brought about the cancellation of the bonds here?

Answer. Yes, sir.

Question. Your bonds have not yet been cancelled?

Answer. No, sir.

Question. Have you made any efforts for a hearing?

Answer. Never had a hearing.

Question. You say you have been here since New Year's eve; have you applied to any officials for a hearing?

Answer. I have applied to Lord Lyons to find out from headquarters what I was arrested for, &c.

Question. Has he replied to you?

Answer. I sent a lawyer on to him, and he said that this committee that was down here the other day would investigate all the matters, and when they got through their investigation I would know; I was only examined a few days ago.

Testimony of Epes Sargent.

APRIL 23, 1864.

Epes Sargent, being sworn, was asked by Mr. Le Blond: Mr. Sargent, you have been spending some time, the committee are informed, at Nassau. Can you give us any information about blockade-running, and the parties concerned therein?

Answer. I take pleasure in making a statement relative to the rebel trade and blockade-running at the city of Nassau, N. P. It may be well to give you the names of the merchants engaged in that business, and the steamers employed by them at the time of my leaving that city on the 12th ultimo. L. Hyliger and John B. Lafitte, of Charleston, are agents for the rebel government. Their business is principally conducted by the house of Henry Adderly & Co., of Nassau. The steamers at present employed by them, and owned by themselves and the rebel government, are as follows: Alice, Fannie, Coquette, and Antonica, 800 tons each; A. D. Vance, 950 tons; Eugenie, 500 tons; and Heroine, 280 tons. They were daily expecting an addition of five new steamers from England; one, the Hope, to be 1,500 tons, and very fast; the others about 400 tons each. All the above named steamers carry large quantities of arms, ammunition, and plate-iron each trip.

Atkinson & Co., a Scotch house, are agents and part owners of the steamers Mars, Lucy, Helen, and Rothsay Castle, each of about 400 tons, side-wheel, and about twelve-knot speed in ordinary weather. Watson & Co. (English) are agents and part owners of the steamers Hansa and City of Petersburg, and were owners of the Alliance, lately captured with a cargo for the rebel government on board. Chambers & Co. (English) are agents for the Syren. This house has lost (by capture and being run ashore and destroyed) the steamers Don, Dee, Spunkie, and Pet. The latter made twenty-three successful trips each way. They are daily expecting four new ones from England.

The above named fourteen steamers now running make one trip each way about every three weeks, and several of them two per month, carrying full cargoes each way.

The principal merchants connected with this trade at Nassau are: H. Adderly & Co., Alexander Johnson, W. D. Albury, Wolf & Co., Ostheim & Co., Abrams & Co., Sawyer & Menendez, John J. Turtle, Perpall & Co., G. Renouard & Co., De Yonge, A. T. Holmes, M. C. Knowles, Manuel Menendez, Royal A. Menendez, T. K. Moore, Dysart & Co., H. E. Kemp, J. C. Rahming & Co., Hayman & Brothers, Bogart & Co., R. W. H. Weech & Co., John S.

George, W. J. Weech & Son, H. R. Saunders & Sons, John Howard, Jervey & Mueller, Johnson & Brother, Martin & Co., J. Thompson & Co., Charles Harris, and Edward Decker.

I could mention many more names of less importance, but think the above sufficient to give you an idea of the trade carried on at Nassau with the rebel States. I have seen very large quantities of goods landed at Nassau, (such as boots and shoes, cloths and clothing, provisions, drugs and medicines, blankets marked U. S. A., liquors, &c.,) from vessels arriving from New York, Boston, and Baltimore, and have afterwards seen portions of the same goods being shipped on board blockade-runners for Wilmington and other rebel ports.

These blankets, I heard from a friend when in Nassau, were in all about 150 bales, and that they were carried on board the steamer Governor Bayley after she had cleared at the custom-house and anchored in the stream. The blankets were not cleared at the custom-house.

Some time since, in conversation with George Wolf, of the firm of Wolf & Co., he remarked to me that he had but a short time before paid parties in the New York custom-house fifteen hundred dollars for putting one lot of goods through, as he expressed it. I am of opinion that, should matters be managed right, sufficient proof could be obtained to convict all parties at the north connected in any way with the shipment of goods to Nassau merchants for rebel aid and comfort. I also believe that a large majority of rebel steamers running to Nassau can be either captured or destroyed if proper means are employed.

Testimony of Jonathan Sturges.

NEW YORK, April 20, 1864.

Jonathan Sturges sworn.

By Mr. Le Blond :

Question. Will you please inform the committee what business you are engaged in, and where you do business ?

Answer. Wholesale groceries, at 125 Front street.

Question. Will you inform the committee of any abuses that you may know in the custom-house, in regard to the importing of goods and business generally, if there are any such ?

Answer. There are some things which have taken place in my business at the custom-house, where I felt that there was a want of proper regulations. I do not know that there was anything intentionally wrong in the course that was taken by the officials, and the measures taken by them might have been honestly taken for what they thought to be the interests of the government.

Question. Will you state the circumstances, and your views in regard to the action taken ?

Answer. I can state with regard to one very important case that occurred in our business. I can state my own views as to the propriety of the action taken by the custom-house officials ; but as to the motives which induced such action, of course I cannot state. The particular case to which I now allude was in relation to a cargo of coffee imported, I think, in November, 1862, by Mr. Johnston, an Englishman. It was passed regularly through the custom-house, weighed on the dock in the ordinary way by the custom-house weigher, taken to the government warehouse, and was examined by the appraisers for damage. The entries were liquidated at the custom-house, the duties paid, and the order given to Mr. Johnston on the warehouse-keeper to deliver ; that is, permission given to withdraw the coffee. We bought that cargo of coffee of Mr. Johnston and paid him the money for it, and received from him the custom-house permit and an order on the warehouse-keeper to transfer the coffee to us.

We presented Mr. Johnston's order to the warehouse-keeper as evidence that the property belonged to us, and received his receipt for the coffee. We also presented the permit to the custom-house officer having charge of the warehouse, as evidence that all the duties on the coffee had been paid, and that we were at liberty to take it away at any time. We are in the habit of depositing all permits with the custom-house officers, at the different bonded warehouses where we may have goods, as soon as received, as a matter of convenience, that we may be able at any time to withdraw such lots as we may want.

This cargo of coffee lay there five or six weeks, until we accidentally heard that the naval officer had taken the permit away from the officer in charge of the warehouse; that the property was taken out of his hands by the withdrawal of the permit, which was our property, and which we had lodged with this officer. When I found that was the case, I immediately went to see Mr. Barney. Mr. Denison happened to be there at the same time, and the discussion took place in regard to this matter in his presence. The pretence for taking possession of the coffee was that it fell short in weight from the Brazil invoice weight; that the government did not get duty on as many pounds as they should have got, taking the Brazil invoice as the criterion.

It was also alleged that there was too much allowed on the duties for damage. On coffee examined by the appraisers a certain amount is allowed for damage, and the custom-house officials not only report the damage, but the weight. I spent two hours the first day arguing the case with Mr. Barney and Mr. Denison, as to the impropriety of seizing this cargo of coffee which we had bought of Mr. Johnston and paid for, and which we had been authorized to take out of the bonded warehouse, and which we had paid Mr. Johnston the money for, upon the faith of this custom-house order. Mr. Jordan asked the question whether there was any charge against Mr. Johnston of having colluded with the weigher or the examiners in the matter, and they did not pretend that there was any. Mr. Jordan said if there was no charge of collusion, he should suppose it could not be considered a fraud on the part of the importers to accept what the custom-house authorities chose to give them. I, of course, took the same ground. Mr. Denison asked me how I accounted for this short weight and for this excessive allowance on the damage. I said to him "that it was not my business to account for it. These officers are not my officers; they are yours; and if you have not got honest officers, it is your business to put them out; but you have no right to seize my property and put me to this inconvenience because your officers have not done their duty." I claimed to have that permit back as my property without any conditions whatever. I said to him, "I will give you all the information I can in relation to this matter, or any other; how many pounds there were; how much the invoices coming from there usually fall short, &c.: to enable you to determine whether things are properly done, but not as a condition of the return of this permit." Mr. Barney said to Mr. Jordan, finally, "This is a case, I suppose, in which we will be justified in giving up the property." Mr. Denison whispered in Mr. Barney's ear, "You should know that this is one of the cases in which the property will be confiscated." I must say that this expression did not strike me favorably.

Question. Had the property at this time been libelled properly, and a suit instituted?

Answer. No, sir; they only held it out of our possession and refused to deliver it as our property. It was finally agreed that we should have the permit back the next morning; Mr. Barney said we should have it at half past nine. I waited until twelve o'clock for it, and then I sent my confidential clerk to ascertain why it had not come, and the reply he brought was that they said Mr. Denison had the order, and he was not there. I felt a little alarmed at having such an amount of property tied up in that way, and I went up again and spent two hours discussing the whole question, before I got the permit.

Question. How much would that property amount to, tied up in that way?

Answer. I think it amounted to about \$200,000.

Question. How long have you been engaged in business in this city?

Answer. Forty-two years, in the same store where I am now. I said to Mr. Barney, "This is a thing that I cannot submit to; you have more than a million of dollars of our property in your possession, under the same circumstances as this, and you can seize the whole of it; you may withhold the whole of it from us, so that should it be necessary to pledge that property in order to raise money upon it, we could not use it; and if you have a right to take possession of that property in this way, you may destroy our business." And furthermore, I said to him, "We have two or three cargoes of coffee, of our importation, passing through your hands, which we shall not see until it is ready to be delivered; if you have any suspicion that your officials are not doing their business correctly, I beg you will see that they are doing right, so that we shall not have any trouble hereafter; if you have not faith in your present employes, whose business it is to attend to this matter, send other men in whom you have confidence, and when you have done that, tell me how much there is to pay, but don't seize our property." After an argument of two hours again on this second day that I had been to see him about it, I got the permit. The impression made upon my mind at this time was that Mr. Barney ought to have decided that matter very promptly; that he was not master of the position.

Question. Do you know of any other transactions aside from this, showing a want of capacity, or a disposition on the part of custom-house officials to oppress the merchants of this city, on the part of Mr. Barney or any other officers?

Answer. I do not know that I do any case that has not been promptly corrected. We had, a short time ago, a cargo of coffee landing, where the officer who attends to the discharge of the vessels made us a good deal of trouble for two days. I applied to Mr. Andrews, in the surveyor's office, and he corrected it at once; he seemed to be master of his position.

Question. You may state whether intimations have been made to you that matters could be closed out in the custom-house in any other than the usual way of doing business?

Answer. There was a suggestion of the kind made by the broker who attends to our business, to my confidential clerk; I think it was when the change took place from allowing one per cent. tare on coffee to one pound a bag, making $\frac{1}{2}$ lb. per bag less. The proposition was to go back for a certain length of time and bring up these cargoes upon which one per cent. tare had been allowed, and re-adjust them upon the basis of one pound a bag. It was intimated to us that for a moderate amount, our back cargoes would be passed over without re-liquidation.

Question. Who gave this intimation?

Answer. It came from the custom-house broker who does our business; A. C. Washington.

Question. What action did you take in regard to the suggestion?

Answer. I told my confidential clerk to reply that we would not be a party to any such transaction, and to be sure, if there were any cargoes that needed liquidation, that they found them.

Question. Did you tell your clerk to inquire in regard to what persons this money would be paid to?

Answer. No, sir.

Question. Were these back cargoes liquidated?

Answer. My confidential clerk says he thinks he heard nothing more about it.

Question. Did you accede to the suggestion made by your broker?

Answer. No, sir; I directed my clerk to tell him that I would not be a party to any such transaction. With the exception of that cargo of coffee, of which

I have spoken, I ought to say that our business has been promptly attended to at the custom-house, and I think that is so generally with the merchants.

Testimony of A. T. Stewart.

NEW YORK, *April* 20, 1864.

A. T. Stewart sworn.

By the chairman :

Question. You are receiving goods through the custom-house ?

Answer. Yes, sir.

Question. To your knowledge does your house pay money to facilitate entries or the transit of goods through the custom-house ?

Answer. I answer, no, sir, decidedly.

Question. The committee have been told that you paid \$900 a year for that purpose ?

Answer. There is not a word of truth in it. I have always refused to do anything of that nature, or permit it to be done in any shape or manner.

Question. Do you do your custom-house business through a broker ?

Answer. No, sir ; we have three young men specially employed to attend to it.

Question. Have you any knowledge of parties in this city at present paying money for favors of this description ?

Answer. No, sir. I have heard rumors to the effect that you could get nothing done at the custom-house without pay, but that is not true in my experience.

Question. It has been charged heretofore that there were great delays in the transaction of business at the custom-house unless money was paid, and there are some at the custom-house now who insist that the delays about which complaints have been made in times past have been done away with, and that business is despatched with more promptness than it has ever been before, and it has been said that you could testify to that fact if you chose. We would like to know how that is ?

Answer. I think I can answer that fully and to your satisfaction. The business of my house, which is large, has been (with one exception) attended to pleasantly and satisfactorily—as much so, if not more than it has ever been under former administrations ; and I have, with the exception before stated, always experienced an earnest desire on the part of all to facilitate and execute promptly the business assigned to each official with a due regard to the interest of the government and the honest importer.

Mr. Barney and Mr. Denison have each requested me to come to them if I encountered any delay in passing my entries, or met with any difficulty in our business at the custom-house. It is only since 1859 that I have attended to our custom-house business. Being the only resident partner, this duty has devolved upon me, and it gives me pleasure to state that in all my intercourse with the custom-house officials I have received the greatest courtesy, kindness and attention.

During the past year they have made more strict and rigid investigations respecting the values of goods imported than I have ever before known, resulting in great changes, of immense value to the government and greatly to the interest of the honest importer. There were certain parts of the world from whence for many years past we could not import goods, because we could purchase them cheaper here than their cost of importation ; whereas, under the present surveillance at the custom-house, all parts of the world are now thrown open to fair competition.

EXHIBIT E.

Statement of examination into the condition of the bonds taken in ninth division.

LIST OF BONDS WITHOUT SURETIES.

21. Thomas Tileston.....	\$10,000
55. William Walker.....cancelled.....	30
49. Asher C. Havens.....do.....	100
90. Henry DuPont.....do.....no justification...	20,894
184. Hugues & Macera.....do.....do.....	894
247. B. D. L. Fevre.....do.....do.....	50
291. A. C. Havens.....do.....do.....	500
292. do.....do.....do.....	150
293. do.....do.....do.....	50
294. do.....do.....do.....	4,000
301. do.....do.....do.....	1,600
303. C. B. Dibblee.....do.....do.....	840
305. A. C. Havens.....do.....do.....	3,000
320. do.....do.....do.....	50
319. do.....do.....do.....	200
324. do.....do.....do.....	200
325. do.....do.....do.....	3,600
343. do.....do.....do.....	50
344. do.....do.....do.....	180
345. do.....do.....do.....	50
357. Joseph Eneas.....do.....do.....	5,000
362. A. C. Havens.....do.....	75
367. Edward Turk.....do.....no justification...	626
370. C. B. Dibblee & Co.....do.....do.....	1,840
388. A. C. Havens.....do.....do.....	2,800
389. do.....do.....do.....	180
401. do.....do.....do.....	80
421. do.....do.....do.....	120
427. Schiefflin Bros.....do.....	300
437. A. C. Havens.....do.....	160
442. Robert Sargeant.....	200
452. A. C. Havens.....cancelled.....	100
461. Isaac L. Lyon.....do.....no justification...	10,000
471. A. C. Havens.....cancelled.....	50
472. do.....do.....	2,000
473. do.....do.....	150
442. Robert Sargeant.....	200
452. A. C. Havens.....cancelled.....	100
461. Isaac L. Lyon.....do.....no justification...	10,000
471. A. C. Havens.....cancelled.....	50
472. do.....do.....no justification...	2,000
473. do.....do.....	150
474. do.....do.....	150
475. do.....	75
476. do.....improperly cancelled.....no justification...	2,400
485. Schiefflin & Bro.....cancelled.....do.....	900
486. do.....do.....	50
487. do.....do.....no justification...	1,800
488. do.....do.....	150
492. A. C. Havens.improperly cancelled.....	150

548.	A. C. Havens.....	\$20
582.	do.....	50
585.	Harrison Price.....	300
581.	H. A. Tilden & Co.....	900
598.	H. B. Cromwell & Co.....cancelled.....no justification...	10, 000
601.	N. Durand.....do.....	422
611.	A. C. Havens.....	40
614.	Sheldon, Hoyt & Co.....	50
618.	do.....	100
622.	A. C. Havens.....	80
669.	do.....improperly cancelled.....	100
782.	Oliver H. King.....no justification...	110, 000
790.	H. B. Cromwell & Co.....do.....	5, 000
831.	Benedict, Hall & Co.....cancelled.....	500
965.	do.....do.....no justification...	3, 000
1019.	do.....do.....do.....	4, 000
1076.	Isaac Lowman.....do.....	1, 000
1139.	O. K. King.....do.....do.....	20, 000
1220.	do.....do.....do.....	20, 000
1309.	W. C. Riddell & Co.....	20
1320.	F. M. Bixby.....cancelled.....no justification...	1, 000
1384.	A. C. Havens.....do.....	1, 200
1386.	do.....do.....	100
1394.	do.....	50
1467.	do.....	160
1537.	do.....	250
1608.	do.....	50
1624.	do.....	50
1646.	do.....	50
1753.	do.....	300
1830.	do.....	500
1831.	do.....	75
1896.	do.....no justification...	1, 465
1897.	do.....	50
1992.	Wm. T. Vansandt.....	568
2030.	A. C. Havens.....	75
2087.	do.....	50
2158.	Wm. T. Vansandt.....	286
2240.	A. C. Havens.....	200
2285.	do.....	150
2300.	do.....	500
2325.	do.....	500
2351.	Charles A. Whitney.....no justification...	1, 800
2418.	A. C. Havens.....	50
2492.	do.....	50
2663.	Henry Du Pont.....no justification...	10, 800
2815.	A. C. Havens.....	100
2829.	do.....	150
2830.	do.....	200
2853.	do.....	200
2872.	do.....	150
3027.	New York Mail Steamship Company.....no justification...	2, 400
3029.	do.....do.....	4, 000
3042.	A. C. Havens.....	50
3183.	do.....	50
3279.	E. Du Pont.....no justification...	2, 100

3305. A. C. Havens	\$100
3486. do	50
3506. do	500
3507. do	75
3648. do	100
3922. Elijah C. Hyde.....no justification...	1, 174
3978. Calvin E. Knox	200
3979. George F. Peniston	339
4009. A. C. Havens	900
4053. E. C. Hyde, (cancelled)	1, 422
4095. M. Echeverria	21, 676
4142. James W. Foster	500
4141. Henry DuPont no justification...	5, 700
4173. A. C. Havens	500
4390. do	500
4431. E. C. Hyde	1, 500
4481. Pacific Mail S. S. Company	500
4614. Freeman Dodge	100
4645. Henry DuPont	2, 600
4735. E. C. Hyde	523
4824. James L. Davis	100
4836. A. C. Havens	500
4837. do	500
4950. do	500

LIST OF BONDS WITHOUT SEALS.

315. B. N. Fox cancelled by oath.....	300
330. C. & H. G. Schmidt	4, 050
337. L. M. Bean cancelled	500
388. A. C. Havens do	2, 800
389. do do	180
529. Henry Osborne	500
535. James K. Chichester	500
872. John R. Bacon	2, 535
873. do cancelled	10, 000
1089. J. B. Tyler	500
1095. W. O. Bush	500
1177. Joseph Eneas	4, 284
1242. F. Lammis	200
1307. Joseph Eneas cancelled	810
1387. Wm. G. Oldrich	500
1506. J. Wolf cancelled	2, 700
1530. George F. Stewart do	700
1734. Daniel & Co do	10, 000
1735. do do	10, 000
1736. do do	46, 000
1801. F. Smith	500
2249. John R. Bacon	3, 660
2258. E. R. Jones	500
2341. Wm. M. Young	500
2343. John B. Marthing	500
2357. Daniel Joline	500
2358. D. Walling	500
2384. D. Bedell	500
2399. W. Hughes	500
2403. L. P. Morton	500

2413. J. H. Provost	\$500
2433. Joseph Allen	500
2448. E. H. Chambey	500
2451. C. Hillman	500
1327. Joseph Eucas	12, 000
2532. Thomas Cranmer	500
2533. C. H. Prior	500
2558. E. Geir	500
2537. G. P. Johnson	500
2614. J. Teal	500
2631. G. W. Smith	500
2700. G. W. Leavitt	500
2724. Charles Jackson	500
2738. B. Edwards	500
2753. J. W. Sprague	500
2786. John B. Martling	500
2787. A. L. Letts	500
2788. S. D. Rulan, (cancelled by oath)	500
2797. John Daly	500
2808. J. D. Caen	500
2809. John Bodine	500
2839. V. Abrams	500
2840. N. Hedden	500
2865. D. E. Cubberly	500
2867. E. F. Beveridge	500
2872. A. C. Havens	150
2924. do.....	200
2931. R. C. Conklin	500
2947. J. P. Jones	500
2948. W. H. Fargo	500
2950. C. E. Bishop	500
2952. B. Lyman	500
2970. E. W. Chambers	500
2971. A. T. Wood	500
2972. A. C. Nickle	500
2973. J. Soper	500
2995. John Daley	500
3840. C. B. Grumley	500
4007. C. E. Bishop	500
4110. B. Lyman	500
4280. James H. Terry	500
4383. C. B. Smith	500

LIST OF BONDS INCORRECTLY SIGNED.

311. McKesson & Robbins, not signed by individual, (cancelled by certificate)	150
351. Darrell & Co, not signed by individual	1, 078
369. Campaignac & Co.....do.....	1, 800
449. Howell & King.....do.....	1, 508
526. A. Conditt, (Cundiff)	500
543. Samuel Jarrett	500
664. H. A. Bayles, signed "H. E. Bayles"	500
681. F. Wright, signed "T. Wright"	500
710. J. B. Smith, signed "J. L. Smith"	100
715. J. W. Morris, (cancelled)	80

717. A. Sibley, "Miles Edwarst".....	\$500
721. Daniel Stent, "B. S. Stout".....	500
728. Alex. Waithman, not individually signed.....	500
740. E. Birdsall, error in sureties.....	500
852. Wm. Meekins, "W. K. Merkins".....	500
864. George H. Leavitt, "W. Leavitt".....	500
867. John Faissin, (cancelled).....	500
930. Thomas Gardner, error in surety.....	500
976. R. E. Peacock.....do.....	500
989. Isaac D. Wood, signed "Ward".....	500
991. Jno. B. Hudson, signed "J. Hudson".....	500
1056. Peter Turpin, error in surety.....	500
1120. Amos Birdsall, error in surety.....	500
1142. Chas. H. Prior, error in surety.....	500
1186. A. R. Kelley, signed James R. K.....	500
1450. Geo. Rutland, "Geo. C. Reeveland".....	500
1460. Jos. Tyler, "Jos. F. Tyler".....	500
1461. C. H. Davis, error in surety.....	500
1501. B. Nicholas, "J. B. Nichols".....	500
1533. Jno. A. Freeman, "Salem A. Foreman".....	500
1571. Theo. Gardner, "Thos. Gardner".....	500
1605. Smith Petty, error in surety.....	500
1606. Samuel Pintard, error in surety.....	500
1922. John Ceballos, improperly signed.....	3, 729
1861. C. P. Manden, irregular.....	6, 500
1871. Morris Osborne, irregular.....	500
1893. L. Chance, error in surety.....	500
1884. J. H. Hertz, improperly executed.....	4, 615
1995. John Decker, improperly signed.....	500
1906. Jno. B. Martling, improperly signed.....	500
1929. A. Leo, improperly signed.....	1, 200
1959. N. M. Lamson, improperly signed.....	500
2044. J. L. Pinson, improperly signed.....	500
2233. Enoch Lewis, "Edw'd L".....	500
2259. J. F. Scott, "G. T. Scott".....	500
2988. Moses Gaskell, "Yorkell".....	500
3480. Judson Roberts, "Newell S. Roberts".....	500
3495. Lucius L. Butler, improperly signed.....	500
3557. A. G. Troop, error in surety.....	500
3562. Josiah Falkenburg, error in surety.....	500
3718. E. W. Speyer, "E. W. Sper".....	500
3773. Wm. Joiner, "Wm. T. Joiner".....	500
3776. Ludlam, Hinckin & Co., by the company.....	1, 000
3783. Wm. Randolph, error in surety.....	500
3798. C. O. Pierson, "Charles A. Pierson".....	500
3799. Spofford, Tileston & Co., "by the company".....	2, 200
3881. Tynes Smith, by the company.....	1, 210
4000. M. A. Brown, improperly signed.....	500
4112. Chas. O. Jester, error in surety.....	500
4249. A. Thomas, "Thompson".....	500
4252. Leoin Chanse, no such signature.....	500
4284. L. N. Hairey, error in surety.....	1, 700
4287. Holyoke & Rogers, error in surety.....	2, 550
4331. J. L. Hawkins, "J. D.".....	500
4367. Jones & Lough, by firm.....	400
4368. McCall & Smith, by firm.....	12, 348

4395. E. Barnard, "E. Bonner".....	\$500
4412. J. A. Longstreet, error in surety.....	500
4418. A. C. Mickle, "Nickle".....	500
4438. Henry Baker, "Henry Buhr".....	500
4464. Jas. F. Lough, "Geo. F.".....	462
4473. Robert McKaig, "Robert Kaig".....	500
4478. N. B. Post, "Nicholas P.".....	500
4495. H. P. Goodale, sureties "Merrill & Abbot".....	500
4503. Isaac Demon "Demmon".....	500
4573. A. Barrett, error in surety.....	500
4576. A. C. Mickle, "Nickle".....	500
4624. M. Cox, error in sureties.....	500
4638. Darrell & Co., signed without the "Co.".....	479
4647. Jabes Lyon, error in surety.....	500
4677. A. Soper, error in surety.....	500
4750. Negrette & Leoni, "Leoni" alone.....	413
4844. W. H. Snyder, "Syder" in bond.....	500
4859. J. Thompson, "A. Thompson".....	500
4905. E. G. Amy, "Allen C. Amy".....	500
4908. J. Robinson, "Robins".....	500
4940. John Kirk, "J. W. Kirk".....	500
4958. Valentine & Berger, "Berger" only.....	14, 000
4963. P. N. Grunby, "N. B. Grumby".....	500

LIST OF BONDS WHERE SURETIES OR PRINCIPAL HAVE NOT SIGNED.

327. A. C. Havens, not signed at all.....	270
460. P. E. Wellington, not signed by surety.....	320
614. Shelton, Hoyt & Co., not signed at all.....	50
964. Oliver K. King, not signed by surety.....	15, 000
973. Stephen D. Inman, not signed at all.....	500
3087. M. W. Richardson, not signed by principal.....	500
1220. O. K. King, (cancelled,) not signed by surety.....	20, 000
4142. James W. Foster, not signed by surety.....	500
4645. James W. Foster, not signed by surety.....	500
4646. A. Cundiff, not signed by surety.....	500
4709. J. L. Pierson, not signed by surety.....	500
4448. Hiram Nott, not signed by surety.....	15

LIST OF MISSING BONDS RECORDED.

(There are bonds missing which are not recorded.)

16. Oliver M. Pettit.....	4, 900
30. Jas. O. Watkins.....	1, 200
281. B. Blanco.....	5, 956
395. Jno. W. Daniels.....	500
448. Wm. Barkley, (cancelled).....	295
521. Joseph Encas.....	10, 000
981. W. P. Clock.....	500
1243. S. M. Knevans.....	30, 000
1378. Peter Metzger.....	11, 000
1814. Jno. A. Foreman.....	500
1592. Geo. G. Fletcher.....	500
1593. Jas. Bodine.....	500
1622. Joshua Gordon.....	50
1714. Hazard Powder Co., January 4, 1864, found by Mr. Ward..	2, 880

1724. Joseph Eneas, (cancelled).....	\$17, 500
1799. Hazard Powder Co., January 4, 1864, found by Mr. Ward..	1, 860
1832. Jos. Eneas.....	2, 000
1970. Hazard Powder Co., January 4, 1864, found by Mr. Ward..	694
1975. Jos. Eneas.....	17, 000
2248. do.....	5, 000
2605. Schepeler & Co., January 4, 1864, found by Mr. Ward.....	34, 316
3860. Thos. D. Middleton.....	4, 478
3945. Middleton & Co.....	7, 084
4207. do.....	25, 755
4531. Ogden & Lacombe.....	8, 026

LIST OF BONDS IMPROPERLY CANCELLED, HAVING MERELY THE WORD "CANCELLED" WRITTEN ON THE BOND, WITH THE INITIALS OF "D. CADY STANTON," AS BOND CLERK.

447. F. Victor.....	\$2, 558
548. Asher C. Havens.....	20
563. T. S. P. Brown.....	500
577. J. Jones.....	500
657. Wm. M. Cole.....	200
663. Thos. F. Loveland.....	500
707. J. G. Cooper.....	500
831. Benedict, Hall & Co.....	500
795. David Conover.....	100
904. Edward Cole.....	500
1004. Rich'd Dickman.....	500
1345. Edward Cole.....	500
1347. Wm. Johnson.....	500
1364. F. G. Falkenburg.....	500
1365. V. Brewer.....	500
1366. David Conover.....	100
1568. Benja. Edmunds.....	500
1519. F. C. Bennett.....	500
1414. Jas. Holcomb.....	200
669. A. C. Havens, (on master's statement).....	100
476. do..... (on master's statement).....	2, 400

BONDS WITHOUT REVENUE STAMPS.

1118. James Robinson.....	500
1117. Jos. Eneas.....	4, 284
1215. John M. Davies & Co.....	1, 422
1753. J. H. Stewart.....	20, 000

Remainder of statement is a list of cancelled bonds, as appears by the record books.

EXHIBIT F.

List of bonds given by Lewis Benjamin and others for goods shipped to Nassau, Bermuda, and Matamoras.

[Nos.	Principal.	Surety.	Where shipped.	Amount of bond.	Should have been.
4012	S. S. Wyckoff & Co.....	A. M. Palmer.....	Matamoras.....	\$590 00	.....
	Bonds of Benjamin and others—				
6245	Lewis J. Levy.....	Solomon Seixas.....	Nassau.....	4,125 00	.....
6233	do.....	do.....	do.....	4,762 00	.....
6231	do.....	do.....	do.....	4,691 00	.....
6230	do.....	do.....	do.....	4,533 00	.....
6106	Solomon Seixas.....	Lewis Benjamin.....	do.....	4,060 00	.....
6107	do.....	do.....	Bermuda.....	1,082 00	.....
6050	do.....	do.....	Nassau.....	2,540 00	.....
6051	Lewis Benjamin.....	Malcolm Campbell.....	do.....	4,800 00	.....
6028	do.....	do.....	do.....	8,346 00	\$9,176 00
6029	do.....	do.....	do.....	9,470 00	.....
5986	do.....	S. Seixas.....	do.....	4,867 00	5,348 00
5970	C. Shepard.....	do.....	do.....	7,018 00	.....
3612	Wm. W. Russell.....	Wm. A. Smalley.....	do.....	6,101 00	26,386 46
3570	A. Hoffnung.....	Wm. A. Smalley and L. Benjamin.....	do.....	8,577 00	.....
2927	G. G. Wolf.....	Wm. A. Smalley.....	do.....	*10,000 00	.....
4712	A. Hoffnung.....	do.....	Bermuda.....	28,796 00	83,757 72
5129	do.....	L. Benjamin.....	Nassau.....	3,710 00	} 44,772 04
5105	do.....	do.....	do.....	4,786 00	
5030	do.....	do.....	Bermuda.....	1,797 00	.....
4932	do.....	do.....	Nassau.....	1,693 00	13,564 94
4773	do.....	do.....	do.....	6,976 00	25,505 48
4762	do.....	do.....	Bermuda.....	7,223 00	.....
4686	S. McDonald.....	do.....	do.....	1,114 00	.....
4609	A. Hoffnung.....	do.....	Nassau.....	21,002 00	.....
4205	S. Seixas.....	do.....	do.....	6,437 00	34,631 46
3350	G. G. Wolf.....	do.....	do.....	†23,140 00	70,453 52
3923	do.....	W. A. Smalley.....	do.....	4,108 00	.....
5179	A. Hoffnung.....	T. A. R. Webster.....	do.....	2,843 00	.....

* Goods covered by this bond were landed from the Margaret and Jessie.—(See Document A.)

† Goods covered by this bond were landed from on board of the Margaret and Jessie.—(See Document A.)

EXHIBIT G.

UNITED STATES CONSULATE,

Matamoras, June 10, 1863.

SIR: I received yesterday a printed document containing information as to cancelling bonds, and I have accordingly to-day refused to indorse any invoices or bills of lading, unless "*positive*" proof can be shown that they are for Mexican consumption.

There have probably been a great many certificates presented to the custom-house that goods had been landed and sold here, or that they had only been landed here. I told those getting them that they would be of no avail; but as they wished for them, I gave them. Those that I have given as being, to the best of my knowledge and belief, intended for consumption in Mexico, have not, in any instance that I am aware of, got into Texas.

There is to-day a great excitement among the merchants, particularly the Jews; but as I remarked in a former letter, a great portion, say eighty per cent., of all goods imported here are sold directly, or find their way to Texas.

Immense stocks are also being imported from France and England, and both banks of the Rio Grande are piled up with cotton, as well as the road from the interior of Texas to the river.

Flour, corn, and many other articles are selling here at present below New York prices.

I am, sir, very respectfully, your most obedient,

L. PIERCE, JR.,

United States Consul.

Hon. HIRAM BARNEY,

Collector of Customs, New York.



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t' Fort nieuw Amsterdam op de Manhatans



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